



Foreign
Broadcast
Information
Service

FBIS-USR-92-056

9 May 1992



CENTRAL EURASIA

FBIS Report: Central Eurasia

FBIS-USR-92-056

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Gorbachev Appeal to Paris Forum on Need for 'European Process'

924C1297A Moscow NEZAVISIMAYA GAZETA
in Russian 22 Apr 92 pp 1, 2

[Text of address by Mikhail Gorbachev to participants in forum "Where Is the East Going?" which opened 22 April at the Sorbonne Grand Amphitheater, Paris: "Need We Fear the Future?"]

[Text]

Position

Need we fear the future? Today this may be the key question of world politics. I think we must look to the future with optimism. This may look like self-confidence, but no, it is my well-thought-out position. I proceed from the following: When we were approaching the present, when our civilization was feeling the need for far-reaching change and restructuring of international relations, I realized that the road of confrontation, the road of opposition on a class basis, could lead to catastrophe. It was at precisely then that leadership of the state was assumed by a group of politicians which proved capable of comprehending those challenges, those dangers. And those politicians had the courage to join hands and make decisions that changed the situation in Europe and the world for the better. Firstly, they put an end to confrontation. At the time it was already feared that the transition to a new world order would be accompanied by instability, by the appearance of unexpected problems, by pain—all of which is characteristic of transitional periods, especially in a world overburdened with weapons, with pressing ecological problems and the human environment in jeopardy, when we are experiencing a shortage of resources, when we truly feel that global problems demand a review of the fundamental values on which the preceding world had been based. We knew that it would not be simple, that the transition would be painful.

We Lag Behind History

History has accelerated tremendously and changes are generating so quickly that we continue to lag in formulating a suitable policy and, most important, in developing mechanisms of coordinated action. That is why we should count not on spontaneous disintegration of the old world and old relations, but on an ordered, organized approach. This is possible only in conditions of interaction of all partners: in Europe and in leading countries of the West. That is why I place my hopes in the continuation of the European process. It is absolutely essential.

Some have already panicked and even question the importance and value of continuing the European process. No! I think that, on the contrary, we must act with still greater responsibility and still greater resolve. We must come to Helsinki-2 not just to talk once again: We have already done much in Stockholm, we have adopted the Paris Charter. We have understood a lot, we have

agreed on a lot, and we have defined the main issues. We must come to Helsinki-2 with the understanding that it is necessary to reappraise the mechanisms needed to ensure a planned, not spontaneous, transition to a new Europe and a new world order.

I think that today a monocentric world is impossible. I consider it necessary to say this, since such ideas have appeared, in particular, such an idea is embodied in a draft Pentagon report. The U.S. Administration's idea is that the second superpower has collapsed and now everything is there for America to head the world and, relying on its strength and power, lead it according to its own rules. That would be a mistake for the American administration, a mistake for world politics as a whole.

A Security Council for Europe

Today we must proceed from the need to harmonize the interests of states and peoples, who are devoted to building a new civilization and expect the politicians to develop the approaches and stages of advance towards such a world. We will, I hope, think about all this at Helsinki-2 (I include myself in this). I submitted my proposals and am pleased that they found some support in both Germany and France.

As for the European process, we should place President Mitterand's idea of a European confederation in the practical plane, we should start setting up new institutions on which the European process could rely. And secondly, I expressed the view that, because of the complexity, importance and fatefulness of the processes taking place in Europe today, we need a tool which I have called a Security Council for Europe. I welcome the positive reaction of German foreign minister and vice-chancellor Genscher which followed several days after my proposal.

What a Monster!

Should we be afraid or not? Before, people feared the Soviet Union and its might. Now profound processes are taking place on its vast territory. I feel that neither the politicians active in the political arena of Commonwealth countries, nor European politicians have the right to panic. Because we are leaving behind a totalitarian regime, the most powerful totalitarian regime in the world, which had relied not only on political tools, exploiting the monopoly position of one party, which was the nucleus of its power, but also on totalitarian domination of state property. You realize what a monster it was! If one understands all this one can then understand the scale of the tremendous work and the enormous responsibility assumed by reformists here in the Soviet Union, who have done everything so that the process, despite all difficulties, twists and turns and political struggle, be on the whole bloodless and controlled.

And today, I think, it is essential for this process to continue. I saw that it could be controlled in the framework of a renovated Union, a new Union of sovereign

states. The idea would have been fruitful and it would have assured the process taking place in precisely such conditions, had it not been for the coup, which torpedoed the signing of the treaty, hastened disintegration processes, served the purposes of all separatists, and in general, enhanced elements of breakdown in the society. Nevertheless, even after the coup it was possible to restore the process and conduct it in a political framework to prevent it from running out of control like in Yugoslavia.

I could understand and justify the narrow positions of the Russian leadership and the Russian president when the old Center was at issue. But when the Center became a participant in the creation of a new Union of the kind the republics needed, this intolerance was no longer understandable and subjective, ambitious positions were introduced. I think that in his struggle with the Center, in the struggle with Gorbachev, the Russian president made a strategic miscalculation, because he thereby fanned elements of disintegration, delivered a blow against the Union from of the main republic, which was the integrating force of that vast world. As for President Kravchuk, in his election campaign he maneuvered himself into a corner from which there simply was no way back, so he took advantage of Yeltsin's efforts and special position to implement his own agenda. This convergence interrupted the process of formulating and signing the union treaty, even though the draft had been agreed and was already in the Supreme Soviet. The CIS agreement halted the process, exploded the process.

I must say that I was doubtful from the very beginning; more, these doubts sparked my decision to resign, because I do not believe in the viability of the CIS. But since that is the opinion not only of three presidents, but of the republican supreme soviets as well, as a politician and a realist I must accept it and do everything in my power to promote the process of establishing the CIS. Probably, besides myself, Nazarbayev and a few more people, virtually no one tried to help the CIS to become a truly viable form of new organization and new association. For many it was just a smokescreen, they knew that the public did not accept disintegration of the country and needed some kind of transition for the divorce proceedings.

Time to End Cock Fights.

The number one task now is stabilization of the Russian Federation itself, because what was provoked by the unconsidered actions of the Russian leadership with respect to the Union is now being repeated in Russia.

I am very glad that ultimately the Federal Treaty received, so to say, a shot of oxygen, its second wind. I am confident that this will be supported by appropriate decisions to give rights by redistributing the authority of the Russian center to the Russian krais and oblasts, and this will balance them with ethnic-state formations and thus harmonize interests, stabilize the situation and make it possible to carry out reforms. That is firstly.

Secondly: The cock fights between the presidents of Russia and Ukraine must be stopped to pursue serious policies so that the two peoples, which were together for centuries, would remain together. I would advise the current presidents of Ukraine and Russia to state their positions more definitely and, most important, meet each other halfway. This should not be regarded as someone's defeat and someone's victory: No, here both presidents will lose, the peoples will lose, the Commonwealth will lose. Without collaboration between Russia and Ukraine matters will not move.

And thirdly: I think that the West must take a clearcut position of concern for the establishment of a viable Commonwealth. If someone thinks that it will be good for Europe, and even America, when the process of spontaneous disintegration of this world begins, it is, I think, a very near-sighted, mistaken policy.

I am rather sorry that my forecasts are coming true too quickly. I have found myself in the role of a prophet whose prophecies begin to come true at once, in a month or two. I said that questions would arise concerning the armed forces, security, strategic weapons, territories, citizenship, the disruption of economic ties, the break-up of human relations: they are all there. I must say that all the latest polls, whoever conducted them, show that not less than 70 percent of the people would like the country to remain in one form or another. Let it be a commonwealth, union, confederation or federation—people give politicians the possibility and right to decide this. But people are against dismemberment of the country, because that is very dangerous. Europeans must understand this. And not only sympathize with the integration processes but also stimulate it. That is our common concern.

Cypriot Envoy Views Political Change, Economic Ties With CIS

924C1109A Moscow MOSKOVSKAYA PRAVDA
 in Russian 14 Mar 92 p 2

[Interview with C. Christoforou, by M. Stoyanov, under rubric: "Interview With the Ambassador of Cyprus": "\$12,000 Per Capita Is Not Bad, Is it?"]

[Text] If, while on vacation, you do not want to become a victim of fraud or theft, to get run over by a car, or to come down with a disease, among the places that look attractive to you for relaxing a special preference should be given to Cyprus, an island in the eastern part of the Mediterranean. Of course, for us, thanks to the new Aeroflot rates, this recommendation might seem to be a mockery. But the Cypriot tourist organizations are definitely not exaggerating when they invite us to this piece of paradise. It is not accidental that the number of tourists who visit it annually is approximately three times greater than the republic's population of 700,000. When they want to emphasize Cyprus's attractiveness for vacations, they give as an example an English couple who have vacationed here for 27 years in a row.

But this is not the only thing that distinguishes this country, which is shrouded in the romantic haze of a history that goes back for nine millenia. For example, among the 160 countries in the world it occupies 26th place with regard to the level of social development, and the average life expectancy is 76.2 years, which is higher than in the United States and Great Britain. Perhaps the reader already knows these facts. In any instance, according to Charalambos Christoforou, the ambassador of the Republic of Cyprus in Moscow, one of the pleasant discoveries that he made when he came here is the extent to which Russians know about Cyprus.

It did not seem to me that this was simply diplomatic politeness. The sad paradox of our socialist upbringing, alas, consisted in the fact that at times we knew about other countries, although not always in a true light, more than we did about our own country. And Mister Christoforou came to the former USSR three and a half years ago.

[Christoforou] I feel that I am very fortunate to be here during a time that is so unusual for your country. What I knew previously about your country and what I saw at the beginning of my stay here is currently proving to be obsolete under the influence of the headlong historic processes that have changed the face of the former Soviet Union. It is currently obvious that the system that previously defined its development over the course of decades failed to work. But a factor that has been unvarying and, in my opinion, reassuring is the people, their striving to find a new and stable vector in their fate.

[Stoyanov] Mister Ambassador, the long-standing problem of Cyprus, which problem was for many years a sore spot in the world community, today to a certain degree—although, naturally, not for the Cypriots themselves—seems to be less dramatic against the background of the collapse of the USSR and the fierce interethnic conflicts on its territory. Your country has had long and bitter experience in this regard. Parallels are extremely risky, especially if one compares such a tremendous multiethnic state such as the USSR was, and small Cyprus. Nevertheless...

[Christoforou] Obviously, I too would like to refrain from making any direct analogies. We consider the division of our island into two parts, the location of foreign military bases on it, and the presence of a Turkish army of 35,000 men to be a political anachronism, especially at the present time, when the tendencies toward integration are so strong in Europe. Because we do not demand anything supernatural. We demand just one thing—to be allowed to live calmly, without the constant tension that is created under the influence of the powerful military grouping that is present on the island. Our goal is to resolve the problem of a divided Cyprus on the basis of a confederation that is free of foreign military bases or a foreign military presence in general. We want to create a truly independent, unannexed, demilitarized state in which all Cypriots—both

the Greeks and the Turks—can live under equal conditions. Especially since today the geopolitical situation has changed fundamentally under the influence of the events occurring in your country.

Yes, you are right in stating that we have behind us long and painful experience as a divided country in which it is completely unnatural that the achieved progress in one part cannot be extended to the other part, since there continues to be between them a border that is difficult to overcome. We have always been decisively opposed to the coercive division of nations. We must not allow the differences between them to be resolved with the aid of force. Instead they must be resolved by only political means.

Therefore, in answering your question I would say that although it is difficult to compare what is occurring today in various parts of the CIS with the drama of Cyprus, nevertheless I think that our example can also be telling for those interethnic problems that have arisen in your country. And the longer their resolution drags out, the more unpredictable and the more dangerous their development will be.

[Stoyanov] You mentioned the progress in one part of Cyprus, which cannot be extended to the other part. Could you explain that factor?

[Christoforou] I shall simply give a few specific examples.

As you know, Cyprus is not the richest country. Nevertheless, thanks to the structural reforms in our economy, we were able to overcome a long period of stagnation and to provide our nation with a rather prosperous standard of living. In Cyprus the national income per capita of population has reached \$12,000 a year. That's not bad, is it? Especially if one compares this with the \$300 in 1960. We succeeded in lowering the inflation level from 13.5 percent to 5. True, that took ten years and tremendous efforts, but the result is important. That was by no means a minor factor in our being able to provide the conditions for a sharp jump forward in our educational level. It might seem to be implausible that Cyprus, which does not yet have a single higher educational institution, occupies third place in the world with regard to the number of students for every 10,000 inhabitants. Yes, our young people receive their higher education in other countries, but, as a rule, everyone comes back to their homeland. Our economy makes it possible today to help the young generation to become highly qualified specialists. We consider this to be a very important contribution to our future. Incidentally, the first Cypriot university will open this autumn in Nicosia.

Unemployment is practically nonexistent in our country. We have free medical assistance and education. As for the standard of living, it is twice that of, for example, Greece, and 3-5 times higher than in the Turkish part of the island.

[Stoyanov] At the present time many partners of the former Soviet Union are completely perplexed—the economic ties are being broken, and there is no confidence in the reliability of the contracts that have been concluded. Are similar fears being experienced in Cyprus?

[Christoforou] To tell you the truth, we are concerned by the fact that during the past year and a half or two years the reciprocal trade has fallen, and, as I understand the situation, it is because of the financial difficulties that you are experiencing. We even granted your country credit amounting to \$54 million for purchases of Cypriot commodities. That is only the first part of the credit. The second part has been frozen until we get a clear idea of the situation in your financial system. I might mention in passing that approximately 70 percent of the commodity exchange between Cyprus and the former USSR was with Russia. I hope that the reforms that have been begun in your country will help to return to our trade relations their previous dynamism and reliability, and even to reach a new level.

True, one can already notice an active influx of entrepreneurs on both sides, but our businessmen continue to be cautious. For example, the debt on the part of the Cypriot Delta firm comes to \$11 million. That, of course, exerts a certain influence upon the activity rate of the business ties, but, I repeat, I hope that these are temporary complications.

[Stoyanov] Certain Western countries are afraid of a wave of emigres from the CIS countries. Does this problem trouble you?

[Christoforou] No, and primarily because our legislation rigidly limits the opportunities for accepting manpower from other countries. If a particular entrepreneur needs a specialist, he is required to apply to the government for an authorization. In addition, this problem is also rigidly monitored by the trade unions.

[Stoyanov] What about political emigres?

[Christoforou] The same situation pertains. Our country has a political situation that is too delicate, and we would not want to complicate it.

[Stoyanov] Cyprus has recognized all the independent states in the CIS. Does that mean that an ambassador from the republic will be presented in each of them?

[Christoforou] Oh no! Our country is not that rich, and we have the national income that we have, in part, because we do not spend public funds for the maintaining of a large and unnecessary apparatus of embassies.

[Stoyanov] Do you mean, then, that you will be the ambassador in eleven countries at the same time?

[Christoforou] This is a problem that is facing the diplomatic services of many countries today. One thing is certain—I shall visit all the states in the CIS. But I think that the embassy address will not change.

[End of interview]

The conversation came to a sudden end—the ambassador had to hurry to a meeting at the permanent representation of Kyrgyzstan in order to hand over a message from his president, G. Vassiliou, to the chief of the Central Asian state concerning recognition. Therefore I had to ask other sources for information concerning the ambassador's private life. Charalambos Christoforou is a frequent guest at exhibition openings at Izmaylovo and in the studios of Moscow artists. For many years he has been collecting paintings and sculptures and he is said to have a splendid collection. Currently he is especially interested in modern art. Nevertheless, wherever he has worked, he has always been accompanied by a painting by the nineteenth century Dutch painter Siben, "Children Playing in the Snow." A completely Russian scene.

Nonferrous Metals Stolen for Sale Abroad

924A1052A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 29 Apr 92 p 1

[Article by S. Pluzhnikov: "It Does Not Take Titanic Efforts To Steal a Carload of Titanium"]

[Text]

Nonferrous Metals Stolen for Illegal Resale

Today our defense, metallurgical, and machine-building enterprises are plagued by theft. In fact, the amounts stolen are already being calculated in tonnes, carloads, and millions of rubles.

The director of an experimental mechanical plant in St. Petersburg took a bribe of 400 dollars and 92,000 rubles to assist in the removal of 4.5 tonnes of bronze from a warehouse. One of the administrators of the Kirovskiy Zavod Production Association received a wall unit for helping an Estonian merchant acquire 15 tonnes of rolled stainless steel products.

An attempt to smuggle 16 tonnes of cathode copper belonging to the Minudobreniye Production Association out of the country was thwarted in Smolensk Oblast, and attempts to export 70 tonnes of metal of various types, including 36 tonnes of titanium, 30 tonnes of copper and brass, and 1.7 tonnes of nickel, to Estonia illegally were halted in Kingiseppskiy Rayon in Leningrad Oblast. People were caught taking 20 tonnes of refined nickel, disguised as trash, out of the Orsk Nickel Plant. Stolen copper, aluminum, and nickel worth around 5 million rubles were confiscated from citizens of Vietnam in Mezhdurechensk.

There have been 21 criminal trials in St. Petersburg alone since the beginning of this year, involving 140 tonnes of nonferrous metals worth more than 10 million rubles. There have been 13 trials in Sverdlovsk Oblast, and the losses amounted to 4 million rubles....

We know why they steal. Russian metal attracts commercial entities in the Baltic and Caucasian states like a magnet. They reroute the "flow of metal" to Europe and sell it at dumping prices. The price of American and Japanese titanium in the world market is 12,000 dollars a tonne, for example, but our stolen titanium is sold at one-sixth the price.

How do they manage to take whole carloads of metal out of the once isolated and restricted enterprises of the military-industrial complex without being seen? We have to go to Sverdlovsk Oblast to find the answer to this question.

We Will Cover Europe with Titanium Shovels!

The only sight worth seeing in the small town of Verkhnyaya Salda is the metallurgical association, where 80 percent of all Russian titanium is produced. Incidentally, we know that the demand for titanium in the European market amounts to 5,500-6,000 tonnes a year. The enterprise in Verkhnyaya Salda produces around 20 times this amount each year.

In general, people have always stolen titanium from the association. Local residents lined their cellars with it. They used titanium to make the floors of Zhigulis, and they even fashioned shovels out of it that stayed sharp for decades.

After the announcement of conversion and the fall of the Union State Committee for Supply, the titanium giant was granted the extraordinary right to dispose of its own products autonomously. Entrepreneurs of every variety made their way to this remote corner of the Urals in the hope of buying titanium at a low price and then selling it for three times as much. They were given an unfriendly reception when they reached the plant. There were no limits on the amount of waste products—stanniferous titanium shavings and scrap—they could buy, but they could not buy high-grade titanium.

Incidentally, conversion and cuts in production resulted in the accumulation of surplus nonferrous and rare-earth metals at many enterprises of the military-industrial complex, and hundreds of tonnes of these are on record in commercial exchanges today, but exchange prices are high, and this is why it is more convenient for some people to simply steal titanium, copper, and other metals from the producer.

The thefts usually follow a simple pattern. Businessmen make the acquaintance of middle-level managers. By agreement, the stolen metal is loaded onto a railway car with waste products and is removed from the plant without any trouble at night. As soon as the businessmen get fake certificates for the titanium bars, they can start counting their money.

The volume of production and the inventory of metal at the Verkhnyaya Salda association and other such enterprises are so great that the loss of a few dozen tonnes might not be discovered until a year or two after the theft.

The personnel of the Yekaterinburg Internal Affairs Administration and the Organized Crime Division of the Russian Ministry of Internal Affairs recently found eight stolen bars of titanium with a combined weight of almost 12 tonnes. The loss could have amounted to more than half a million rubles. Three people have already been arrested in connection with this case. An investigation of the theft of 60 tonnes of high-grade copper is the next item on their schedule. They already know that a railway car carrying this stolen copper left Russia, and this means a loss of 960,000 rubles for the Verkhnyaya Salda enterprise.

It is time for the administrators to think about getting the kind of scales they use in grain elevators. Railway cars filled with stolen metal instead of waste can be detected easily with the help of these scales. The board of directors hopes that the association will become a joint-stock company soon, however, and that the thefts will stop when the workers become the owners. It is true that the enterprise managed to sell just over 1 percent of its products on the world market last year, so there is no reason for the workers to expect sizable dividends in the near future.

Oddly enough, the association is competing not only with the Americans and Japanese, but also with its "partners" from the CIS. The association recently received a report from Italy, for example, that 400 tonnes of titanium bars were in the port in Trieste. The certificates indicated that the metal had been cast in Verkhnyaya Salda in 1989 and 1990, but the bars on the Mediterranean shore came from a plant in Kramatorsk, by way of Poti.

Simple theft is for novices or dim-witted dilettantes. Professionals act differently.

The Uralmet Case

Last fall business Sergey Bogdanov disappeared in Yekaterinburg. The militia and Interpol are still looking for him. A reward of 150,000 rubles was announced for information as to his whereabouts.

Until recently this 27-year-old graduate of the Ural Polytechnical Institute headed the Uralmet firm, the Ural branch of the Soviet-Swedish Khoros joint venture. The "generals" of many enterprises of the military-industrial complex in the oblast who were inexperienced in foreign economic affairs asked Bogdanov for advice. His firm became the middleman for 15 of the largest plants in the Urals in shipments of metal products abroad—chutes for blast furnaces and copper-nickel pipe. Today it is obvious that this was an easy way of circumventing the laws prohibiting the export of strategic raw materials from the Union by joint ventures.

In summer 1990 there were more than a million German marks in Uralmet's accounts, and they were supposed to be divided among the Soviet partners, but Bogdanov transferred all of the hard currency to his personal accounts in Italian and German banks....

Rashid Bulatov from the Criminal Investigation Office of the Yekaterinburg Internal Affairs Administration has been working on the Uralmet case for a long time. He cannot deny the possibility that Bogdanov was murdered, but he is more inclined to believe that the businessman simply left the country.

After Bogdanov's disappearance, Yekaterinburg plants sued the Uralmet firm for millions.

Our investigators were able to conduct several inquiries in Italy. As a result of joint work with the Italian Financial Guard (something like the Union's Economic Security Force), they were able to withdraw around 40,000 dollars from Bogdanov's accounts and return this money to the enterprises.

The Italian police have begun a broad-scale investigation of their own. Because of the tax privileges Italy grants foreign investors, such as Bogdanov, local businessmen could have used his bank accounts to shelter their own profits from taxation. The police also believe that Bogdanov's accounts were used by the Mafia to launder "dirty money" from the trade in guns and drugs.

Clouds of suspicion are gathering not only over Uralmet's Italian partner, the Polveri e Metalle firm, but also over the German Fischer Handels GmbH. Its owner, Alexander Fischer, was also one of Bogdanov's partners. Investigators even know the numbers of the accounts in Wolfsburg banks where around 9 million marks in funds misappropriated by Bogdanov and Fischer are still deposited today. Jurgen Maurer, the chief of the Organized Crime Division of the German Criminal Police, recently notified our investigators that they would be able to work in Germany. There is some evidence of criminal activity by the director of Uralmet, and by German law this should lead to the confiscation of all hard currency. In Rashid Bulatov's opinion, however, the main thing is still lacking—a treaty on legal assistance between Russia and Germany. The Russian Government was quick to sign a contract with Kroll Associates, an American firm, and sent it on a search for overseas deposits by Russian businessmen with its blessings, but it is in no hurry to ratify the Russian-German treaty or at least attest to the authority of our investigators in an official note (or request) to the German authorities.

There is probably one detail that will do much to explain the delay. We know that the manager of an enterprise in Yekaterinburg received a bribe of 80,000 dollars from Bogdanov. The transfer of the money can be traced in banking documents in Germany. There is every reason to believe that Bogdanov used the same method to win over some high-level officials of the Ministry of Foreign Affairs and deputies on various levels....

Egyptian Businessman on Aid, Reform in Egypt

924A1051A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 24 Apr 92 p 3

[Interview with Dr. Ibrahim Kamel, president of the UNIMEG industrial trade group, by A. Shumilin, personal correspondent, in Cairo; date not given: "It Is Spring, and Noodles Are Falling From Heaven; 'You Probably Have a Greater Need for Emotional Support,' Dr. Ibrahim Kamel Said, but He Sent Us Four Plane-loads of Food Anyway"]

[Text] If there ever was a time when someone could say "noodles are falling from heaven," this is it. Four planes carrying 160 tonnes of food will land at Sheremetyevo Airport before the end of April. The UNIMEG industrial trade group is sending us this gift as part of the program of humanitarian aid. The president of the group, Dr. Ibrahim Kamel, who is also the president of the world-renowned Cato Aromatic firm, said that the aid is mainly "symbolic." He feels that our current difficulties on the road to the market were inevitable. People in Egypt probably understand us better than anyone else today: The Land of the Pyramids was the first to prove that a successful transition could be made from what we call "socialism" to what the whole world regards as the norm—a market economy.

[Shumilin] For many years your business has been geared to a considerable extent to the USSR, and now to the CIS, but this was business generating income. Today you are offering us humanitarian assistance....

[Kamel] Unless my memory is playing tricks on me, we sent humanitarian aid first to Armenia shortly after the tragic earthquake. We were among the first to send Yerevan all the food in our warehouses. Quite frankly, our share of the aid this time is mainly symbolic....

[Shumilin] I appreciate your modesty, but 160 tonnes of food is clearly beyond symbolic aid....

[Kamel] Nevertheless, I feel it is exceptionally important to give you emotional support today, because I am certain that Russia will become an economic superpower very soon. Therefore, emotional support is probably more important than many other things at this time.

[Shumilin] You are a prominent and experienced expert on many issues connected with the USSR and now the CIS. Do you feel that the present pitiful state of our economy was inevitable during our transition to the market, or do you think it could have been avoided?

[Kamel] Your current difficulties were unquestionably unavoidable. No country in the world could make this kind of transition, particularly on the scale of yours, without paying an extremely high price. Sometimes the price seems absolutely brutal, but I can tell you in all honesty that it has to be paid.

The prices and wages in your country under the earlier system did not correspond at all to world prices and

wages. This is why your entrance into the other system will presuppose the adjustment of the whole scale of the prices of goods and services in relation to wages. It is a massive and difficult job to change the economic and social aspects of societal development, and this is what is happening in your country today.

[Shumilin] Egypt appears to have already completed much of this journey. Which elements of your experience would be useful to us?

[Kamel] When we began transforming our whole economy, we concentrated first on establishing a modern banking system in Egypt. After all, no country can secure serious economic development without banks. Furthermore, when I say banks, I do not mean our own domestic, local banks. I am referring to international banking groups, essentially an international network of banks connecting us to the outside world.

Here is an example: I am the vice president of a joint bank which had assets of only 20 million dollars but financed projects worth a billion dollars! In other words, our small bank was backed up by a powerful international banking group, and this group supplied the money.

I think a realistic exchange rate to encourage investment and a realistic commercial rate are exceptionally important. Egypt's experience in this sphere could also be useful: We also tried to set an unrealistic exchange rate once, and the results were pitiful. As soon as we faced the facts, the situation began to change.

[Shumilin] Dr. Kamel, we visited one of the recently established industrial centers. It is like a mirage in the desert! It provides some idea of your country's rapid development.

[Kamel] Yes, this is exactly what I wanted to talk about. Investment policy with regard to real estate is an extremely important aspect. No serious investor will agree to invest his money without a clear and precisely defined right to own a piece of land. The idea of leasing land for 99 years or 49 years is unacceptable! Especially since the investor can choose to buy a lot in, for example, the United States, Europe, or Japan—anywhere at all. When he comes to Russia, why should everything there be different? Things there should be the same as everywhere else in the world!

Or just consider your tax policy. All countries needing foreign investments create privileges and appealing conditions for them. They exempt foreign companies from taxation for five or more years, for example. It is a well-known fact that no industrial enterprise makes money the first year. This is why I will cite another Egyptian example: What you saw is only one of many special industrial zones we created, where land prices are extremely low. These are industrial cities equipped with the necessary infrastructure—water mains, a power supply network, and so forth. Industrial projects there are exempt from taxes for 10 years. As a result, we have

several thousand industrial enterprises operating there. Working on international licenses, they produce the entire range of consumer goods in Egypt and fill the needs of the population of our country. Without these conditions, no Egyptian or foreign investor would have invested any money in the projects. Because of the 10-year tax privilege and the elimination of all obstacles impeding purchases of land, we have a colossal number of industrial enterprises and projects which were completed in record time.

What advantages does the country gain from this? First of all, a high percentage of the able-bodied population is employed. Second, we have the technology required for consumer goods production. Third, in 10 years—and this is an extremely brief period in the life of a country—the enterprises will begin paying extremely high taxes to the state. In addition to everything else, no Egyptian customs inspector has ever caught a foreigner trying to smuggle a plot of land out of the country! This should answer the questions about the "sale of the country."

[Shumilin] When will our reforms begin working? What do you predict?

[Kamel] If decisions promoting the opening of the market, encouraging foreign investment, and creating favorable conditions for banking are made quickly, I think you can expect results in five years. If these decisions take too long to make, it is unlikely that you will see any changes in the next 10 years. I do not doubt for a single moment, however, that Russia and the other CIS states will choose the path of extremely dynamic development soon.

Evidence on U.S. POW's in USSR Said Lacking

924C1277B Moscow NEZAVISIMAYA GAZETA
in Russian 18 Apr 92 p 4

[Article by Vladimir Abarinov: "Documents Do Not Lie"]

[Text]

P.S.

There can be no doubts about the authenticity of all the information presented by V. Galitskiy; he has shown his knowledge of the subject and the facts many times and always very convincingly. But it seems necessary, however, to clarify and supplement some of the points in his articles.

The impression of very poor POW record-keeping by the NKVD/MGB [Ministry of State Security] is deceptive. It stems from the fact that the documents have been scattered over many archives, each of which has undergone numerous and voluminous censoring. Besides, foreign names were distorted by barbaric transliteration so that some of them became totally unrecognizable. Therefore, it has become extremely difficult to follow anyone's fate from beginning to end. However, the Lubyanka

professionals know their business only too well and they manage to conduct it practically without referring to the archives which have been quoted in recent publications as the main source.

For the same reason I would not blame the absence of certain orders and lists on the atmosphere which reigned at the points of contact between the Soviet and American sides. On the Soviet side the repatriation procedure was in the hands of state security officials, and they do not usually tend to get euphoric; from our experience we know that they were very precise in complying with every procedural requirement because any sloppiness could cost them very dearly. We should rather talk about intentional distortions, but not in their own working papers. As for mutual complaints, they were quite numerous. There were also incidents of blackmail on the Soviet side, at a low official level however, and which were normally not documented in any way.

V. Galitskiy confirms that the Americans taken prisoner in Korea, Vietnam, and other countries could have been interrogated by Soviet intelligence officers and he does not view this as unusual. He is absolutely correct; the statements by Oleg Kalugin and Oleg Nechiporenko are, in our opinion, simply pseudo-sensational. However, this could have been just an episode for the Lubyanka, though not the only one probably, but the proof of these interrogations should be sought in the military intelligence (GRU) archives.

I have to correct some discrepancies that found their way into V. Galitskiy's article. He says the Red Army liberated 22,481 Americans from the Nazi camps and all of them were successfully repatriated. But the point is that, according to allied intelligence information, the camps in Eastern Germany, Poland, and the Balkans had about 75,000 American POW's in the winter of 1944-1945. (Similar discrepancies, by the way, may be found in the information on the British POW's: Anthony Eden announced at the Crimean conference that there were 50,983 of them, while the official number repatriated was 23,744.)

The data on Sparks is not accurate either, but it is not clear yet whose information is incorrect in this case: V. Galitskiy's or ours. According to our data he was convicted on 14 April 1953, rather than 30 January, and the sentencing was done by the field court-marshal of the Berlin Soviet Sector Garrison and not by the MGB Special Board (the Code article and the term are the same) and this means two entirely different archives. Sparks served his term in Komi ASSR, Mordovskaya ASSR, and in Vladimir Oblast. The case was reviewed ("due to a personal appeal") on 29 October and not November 1955. The USSR Supreme Court military collegium did not simply reduce his term but replaced the accusation with the "attempted espionage" article. One way or another, Sydney Ray Sparks has not yet come home.

U.S. POW's in USSR: Historical Groupings

924C1277A Moscow NEZAVISIMAYA GAZETA in Russian 18 Apr 92 p 4

[Article by Vladimir Galitskiy: "The Fate of POW's Cannot Be the Subject of Political Speculation: Russia's Obligations To Defend the Victims of Acts of Armed Violence Are Sufficiently Concrete"]

[Text] NEZAVISIMAYA GAZETA continues a subject which was first raised as long ago as last year in an article by Vadim Birshteyn; some other materials were also published which dealt with the mysterious fate of American POW's and MIA's that disappeared on USSR territory. This time we give the floor to Vladimir Galitskiy, a military historian who is very knowledgeable on the subject in question. He extracted his information from various archives, including some that are classified.

For our purposes we are going to divide the U.S. citizens of the POW/MIA category who were found or could be found on USSR territory into the following groups: civil war POW's (1918-20), 1941-45 war POW's, Korean war POW's (1950-53), Vietnam war POW's (1961-73), and U.S. citizens that came under the control of the Soviet Government under various other circumstances during the 50's and 60's. Let us look at each group separately.

First group. It is common knowledge that the United States sent its troops to Russian territory to participate in military intervention during the war of 1918-1920. Unfortunately, at that time nobody kept proper records on POW's indicating their nationality or ethnic origin. The reports usually showed only their total number. According to my—far from final—count, over 200 U.S. citizens were taken prisoner in 1918-1920. After the civil war ended they were all repatriated, with the exception of those who died in captivity.

Second group. U.S. citizens that became POW's during the 1941-1945 war can be divided into two subgroups:

a) People captured during the Soviet/German war as part of the German military. It must be mentioned that at that time the POW records were very inadequate. According to the Central State Special Archive, 111 people were taken prisoner, 17 of them died and the rest were sent back home.

b) U.S. citizens (POW's and internees) liberated by Red Army soldiers from the German and Japanese camps in 1944-1945. According to the official data of the USSR Council of Ministers repatriation administration, the Red Army troops liberated from the fascists 22,481 Americans (22,429 POW's and 52 internees). All of them were repatriated in 1945-47 (22,449 people in 1945, 22 in 1946, and 10 in 1947).

I would like to emphasize that both the Soviet and the American representatives often violated the procedure of repatriating people from the military camps; the fact of the handing over of the Americans was not documented in any legal document or list. You simply have to

understand the Soviet and American officers who were dealing with these issues: The monstrous war was over, we were allies, and the people freed from the fascist and Japanese camps were eager to get home. Was there any time for proper record-keeping? Nobody had any complaints against anyone at that time.

After Japan capitulated, the Red Army troops freed 2,100 American, British, and Dutch POW's and internees from the Japanese in Korea and Manchuria. It is still uncertain how many Americans were among them. All of those were also repatriated.

Third group. According to the official data, 7,190 American servicemen were taken prisoner during the war in Korea (1950-1953) (8,177 people, according to Vladimir Abarinov's data). Of these, 21 people refused to go back home. All prisoners were kept in the Korean POW camps.

Fourth group. According to the existing data, 555 American servicemen were taken prisoner during the Vietnam War (1961-1973). Of this number, 456 people were captured in the former Democratic Republic of Vietnam and 99 in South Vietnam. It would be reasonable to question the Vietnam government about them and also to scrutinize archive documents of the corresponding agencies in countries that were directly or indirectly involved in the war.

During the period when limited numbers of Soviet troops participated in military actions in Korea, Vietnam, and other countries and regions, the American POW's could be interrogated by representatives of the Soviet military command as well as by representatives of the country that captured them. Such actions are natural and are dictated by the requirements of military operations. It is difficult to prove that any of those Americans were brought to the territory of the former USSR, because I was not able to find any information on that in any of the archives to which I had access.

Fifth group. U.S. citizens who came under the control of the Soviet Government due to various circumstances in the 50's and 60's. Such circumstances may include the participation by some Americans in espionage against the USSR, deserting from the army on the territory of former socialist countries (primarily in the GDR), committing various crimes during their official stay in the USSR (studying, training, working in the embassy or a mission, etc.) I would like to cite some examples.

On 19 April 1948, counterintelligence officers of military unit No. 32750 in the city of Vienna detained and arrested a serviceman from military intelligence company No. 7769 of the U.S. Army MIS/A, Wilfred

Kumish, born in 1915 in New York. On 5 March 1949, Kumish was sentenced to 15 years for espionage by the USSR MGB (Ministry of State Security) special board under Article 58-6 part 1 of the RSFSR Criminal Code. He served his time in Vladimir prison No. 2 and in Butyrskaya prison. Kumish was released before he had served his full term, by a decree of the USSR Supreme Soviet Presidium issued 22 August 1955. On 5 September 1955 he was handed over, per due procedure, to the United States representative in Berlin, Mr. Dubois.

In December 1951, an American serviceman named Sydney Ray Sparks, born 1932 in the city of Wrightsville, deserted from his army unit which was deployed on FRG territory and went over to the GDR where he asked for political asylum. On 30 January 1953, Sparks was sentenced by the USSR MGB Special Board to 15 years in prison for espionage, in accordance with Article 58 6 Part 1 of the RSFSR Criminal Code. However, his criminal case was reviewed on 29 November 1953 and his term was reduced to five years because of insufficient proof of his crime in 1953. Sparks was paroled and handed over, per due procedure, to the U.S. military representative, Lieutenant Colonel Hammonds.

I would like to use this opportunity to express an opinion concerning the reasons for such a long delay in establishing the facts about the fate of the war victims in the 40's through the 60's. The following reasons are the most significant: The absence in current international law of any provision concerning concrete situations that might arise of acts of armed violence occurring outside the combat zone (destruction of a spy plane, capture of spy plane crews, capture of ships in open seas or in border and coastal areas, etc.); the absence of an authoritative international organ which would have the right to pass immediate judgment on all known facts about the MIA's and on concealment of any information about them; the inadequacy of systems of international control and of international reaction to any violation of international law, particularly of the Pact on Civil and Political Rights.

The very fact that the Russian-American commission has started work is very pleasant, of course. I am deeply convinced that we cannot allow a situation in which human lives depend on the political considerations of some or other government structure, or on any "cold" or "hot" war. Russia, the United States, and many other countries which ratified the 12 August 1949 Geneva agreements on protection of war victims and the Supplementary Protocols to them of 1977 (I and II) have undertaken quite concrete obligations on protecting the victims of all situations related to armed violence, and they must honor these obligations.

POLITICAL AFFAIRS

Diplomatic Roles of Russia, Ukraine Within CIS Viewed

924C1294 Moscow NEZAVISIMAYA GAZETA
in Russian 22 Apr 92 p 2

[Article by Andrey Sorokin: "Commonwealth Members Make Friends in Pairs. But Russia Views the 'New Diplomacy' Highly Condescendingly"]

[Text]

Diplomacy

While bickering spiritedly with the Commonwealth neighbors of their choice, each member, at the same time, doesn't forget that it wouldn't be a bad idea to make friends with someone. Of greatest academic interest, in this connection, are the geopolitical quests of the participants in the "great Slavic duel"—Russia and Ukraine—which in large measure determines the logic of the entire correlation of forces within the Commonwealth.

Moscow's position is very simple. The contradictory approach to problems of the "new diplomacy" was eloquently displayed in the course of the congress's prejudiced interrogation of foreign minister Andrey Kozyrev, as well as in the "Dniester region" resolution passed a little earlier.

Russian diplomacy in the CIS countries remains "grand" foreign policy's unloved stepdaughter, despite some recently announced animation. Caution in this area is due in part to the Russian leadership's considerable fears of being suspected of "imperial ambitions," sparked, perhaps, after last autumn's scandal over "borders." The impression is that for the time being Boris Yeltsin intends to avoid mistakes in such a piquant area the easiest way: freezing all diplomatic initiatives in adjacent states.

True, there is also the Kremlin's latent confidence that those states, tightly locked as they are with Russia in one politico-economic knot, "have nowhere to go." Whatever the case, we have yet to hear any clearly formulated concept of Russian state interests in countries of "nearby abroad." Nor did Andrey Kozyrev present any revelations in connection with this as he fended off the congress of people's deputies.

Hence the dual nature of Russian parliamentarians' official contacts with the foreign affairs departments of CIS countries: deliberate politeness in ritual diplomatic procedures and sluggish bargaining when dividing the jointly accumulated soviet goods and chattels.

Andrey Kozyrev's trip to CIS countries may well be the beginning of changes in Russia's intra-Commonwealth policy. But now Moscow's emissaries will be entering territory cultivated not only by the caring James Baker,

but also by much more mercenary-minded diplomats from Iran, Turkey, Romania... Nor did internal competitors waste any time.

Ukraine, having selected a traditional economic partner as its foe, is now forced to urgently find suitable replacements within the former USSR. Frankly, it has been highly successful in this, having outdone not only Russia in intra-Commonwealth diplomatic activity, but other neighbors as well.

Last winter NEZAVISIMAYA GAZETA noted Kiev's genuine interest in the Baltic region, marked by extremely warm Ukrainian-Latvian contacts on the foreign ministry level. Mutual thoughts concerning the attractive prospects of an inter-country affiliation in a "Black Sea-Baltic" community ended this time in no more than reciprocal stock-in-trade compliments, but the grand idea itself was not buried.

Incidentally, the BSB idea is not only grand but also highly indicative. In the event of successful pursuance of that diplomatic operation, Ukraine will acquire, in addition to useful economic allies, control over strategic West-East trade routes, which until now had been regarded as the natural prerogative of Russia. Ukraine is unequivocally asserting its claims to the role of leading Slavic power of the continent (by displacing Russia from that honorable position).

The memorable contacts with Azerbaijan were also of a highly pragmatic nature. Baku, however, preferred maintaining a pro-Moscow orientation—in exchange for Russia's good graces on the Karabakh issue.

The debut of Ukrainian diplomacy in new directions could be directly observed a month ago during the Kiev meeting of CIS heads. Uzbekistan President Islam Karimov was given the most ceremonious welcome in the Ukrainian capital and accompanied from the airport to the hotel by Prime-Minister Vitold Fokin. And Leonid Kravchuk himself showed due respect for his Tashkent colleague during the meeting: giving him chairmanship went clearly beyond the bounds of diplomatic etiquette.

It is transparently implied that Ukraine would not object to taking advantage of the gift of fate that has befallen Karimov in the form of rich oilfields so as to finally overcome the awkward fuel and energy dependence on Russia.

To be sure, in addition to purely mercantile objectives, Ukrainian diplomacy, which has been rapidly unfolding within the CIS, is also tackling a number of political problems. While lagging substantially behind agile Russian politicians in spectacular trips to foreign capitals, Kiev is painstakingly establishing its influence in the "nearby abroad" with no concern for the absence of tangible achievements and comforting herself with hope for the boons of "patience and work." And we have yet to see what approach will prove to be best.

There are, it is true, suspicions that the Ukrainian leadership's extraordinary economic experiments may yet prove to be the decisive factor on this front, too. And then we may yet witness triumphant Russia's establishment of a status quo on the expanses of Eurasia.

Future Russian-Ukrainian Relations Debated

92UN1239A Moscow NEZAVISIMAYA GAZETA
in Russian 18 Apr 92 p 2

[Article by Yuriy Leonov: "Russia and Ukraine—After the Fall of the CIS: Contrary Forecasts by Experts of the Two Countries"]

[Text]

Outlook

A statement by our Ukrainian colleagues, the essence of which was a possible rejection by Ukraine of its nuclear-free status, deprived the atmosphere of the Russian-French seminar "Political and Strategic Changes in Europe" held at the Moscow State Institute of International Relations of the last traces of academism. The speeches by Russian and Ukrainian experts, judging by everything, were close to the official positions of the two countries, and showed that the confrontational difference of interests between two of the three initiators of the creation of the Commonwealth not only places the prospects for its existence in doubt but creates a field of dangerous instability on the post-Soviet land mass.

The answer to a very urgent question today on the outlook for the existence of the Commonwealth of Independent States depends on which of the two alternative explanations as to why the USSR has ceased to exist turns out to be closer to the truth. Was the disintegration of the Union the result of gross miscalculations, or the malicious intent of a group (whose members are called Gorbachev, Shevardnadze, and Yakovlev), or are we dealing with the results of a natural process of bankruptcy of the USSR as a sociopolitical system that is incapable of adapting to the leading trends in world development?

Inclined to the latter point of view is Professor Aleksey Zlobin, head of the Faculty of International Relations and Foreign Policy of the Moscow State Institute of International Relations, who sees the first signs of the disintegration of the Soviet system in Khrushchev's failures to reform it. Has the process of the disintegration of the USSR stopped? "No," believes Zlobin, "it will continue right up to the demilitarization, demonopolization, decriminalization, and democratization of the component parts of the former system." The changes in the former Soviet republics, he says, are characterized partially by incompleteness and fragmentation. It is precisely the increase in the national sense of justice in a number of parts of the former Soviet country that has become the dominating factor—it took the form of extreme nationalism and separatism, and it came into conflict with democratic principles. The real danger of

reproducing old structures in new forms, including also a form of fascism—the only variety of totalitarianism that has not yet been experienced by the Russian state—is being preserved in the independent states of the former Union.

Based on the Zlobin interpretation of national interests, the CIS is doomed as an artificial and frail formation, and the future lies in the "special relations" of Russia with some states (such as Kirghizia, Georgia, and Kazakhstan), which will become the basis for new integrating processes.

Within the scope of the seminar the representative of another state, Ukraine—an initiator of the creation of the Commonwealth—gave the CIS up as a bad job. Igor Kharchenko, an official of the Ukrainian Center for International Political Research, declared that the concept of Ukrainian foreign policy is based on three postulates: Ukraine is a European state that aspires to participation in European structures; Ukraine has its own special foreign policy interests (i.e., that do not coincide with those of the CIS—Yu. L.); and the development of Ukrainian foreign policy programs is accomplished exclusively in Ukraine.

The foreign political interests of Ukraine, in the opinion of the speaker, break down into the following spheres: relations with CIS partners (as yet), in which priority belongs to bilateral Ukrainian-Russian relations; activity of Ukraine in legitimatization as a European state; and relations with countries where there is a Ukrainian diaspora (most of the Ukrainians outside the boundaries of the CIS live in North and South America, and also in Australia).

Based on the foreign policy interests of Ukraine that were laid out by Kharchenko, and the directions for their implementation, Ukraine is interested in preserving the CIS to an even lesser degree than Russia. Thus it appears that the Commonwealth cannot avoid dissolution, and, in the period of its Russian-Ukrainian relationship, to all appearances, political reality will be the decisive and hardly harmonizing factor.

Ukraine—a Potential Adversary

In the opinion of Igor Kharchenko, four variants can be seen now in the development of relations between Ukraine and Russia.

The first variant was proposed at one time by Zbigniew Brzezinski, and it amounts to copying the arrangement of relations between the United States and Canada: Coordination of foreign policy, while preserving their own national interests. Ukrainian analysts consider this variant to be idealistic and not appropriate to existing contemporary realities.

The second variant—to take a position of amicable neutrality on the model of Finland or Austria. The variant is attractive, but also unlikely, inasmuch as there

are too many points of confrontational contacts today in Ukrainian-Russian relations.

The third variant can be illustrated by the example of Poland and the USSR in the 1920's: It is a policy of readjustment, mutual suspicion, and freezing relations in various spheres.

The fourth variant—the Yugoslav variant, is the most dangerous one. Ukrainian experts believe that when events in Yugoslavia and the state of Ukrainian-Russian relations are compared, and assertions are made that only half a year remains before there is a conflict of the Yugoslav type, the purpose of such comparisons is to intimidate Ukraine.

In estimating the chances of implementing one or another variant, it is important to consider immediate factors that influence Ukrainian-Russian relations. The Ukrainian expert presented the following three groups of factors that influence Ukrainian-Russian relations, to which the author would like to add only the subjective factor of the arrogance of politicians of the provincial level of thinking.

Factors for bringing the interests of Ukraine and Russia closer together:

- a declared aspiration by both states to build a democratic rule-of-law state;
- mutual interest in reforming the national economies (Ukraine lags behind Russia in the conduct of economic reform, and Russian reforms are perceived morbidly in Kiev, inasmuch as the economies are closely linked, and, thus, an objective requirement arises for the coordination of reform actions);
- community of interests on a global level, for example, the need to build a European security system).

Neutral factors which, depending on circumstances, are able to play both a unifying and a disuniting role:

- a common historical past;
- very close economic dependence;
- Slavic and Orthodox factors;
- the presence of numerous Ukrainian communities in Russia and, correspondingly, Russian communities in Ukraine;
- the problem of federalization in Russia and Ukraine.

Factors that affect Ukrainian-Russian relations negatively:

- amorphous central European geometry, and a vacuum in the security system in the region;
- competition in the struggle for the preferences of the West;

- indefiniteness in the position of Russia with respect to the CIS, and the ineradicability of the position of Russia as a gatherer of lands (in the opinion of Ukrainian experts)

Ukraine does not believe in Russian democracy. But Russian experts think that at present democracy is much more visible in Russia than in Ukraine where, in their opinion, almost all of the old structures have been retained. In their opinion, it is there that democracy, barely born, has turned into a nationalistic form of "real socialism," for which the absence of economic reform in Ukraine can serve as an example.

The confrontational contradictions between Moscow and Kiev were expressed in a strong blow to the idea of a CIS security system.

The director of the Ukrainian Center for International Research, Professor Manzhola, speaking about the prospects for maintaining Ukraine's nuclear-free status, named three factors that at one time influenced the formation of its position:

- idealism with respect to a nuclear-free world that was introduced to the parliament by "deputies from poetry and literature";
- hard pressing on the part of Moscow and the West;
- the moral imperative of the Chernobyl tragedy;
- the necessity of placing an appropriate foundation to separation from the Union on the eve of the referendum (the referendum was conducted in December 1991, but the declaration on nuclear-free status was adopted on 24 October).

Ukrainian experts suppose that Ukraine will approve the decision on nuclear-free status, based on its own considerations, and they perceive the current pressure by the West on Ukraine in a negative way. Some compare Ukraine with France of the 1960's, which, in spite of such pressure, nonetheless became a nuclear power.

One way or another, the growing Russian concept of national security is based on the possibility of the existence of several nuclear states on the territory of the former USSR that objectively are a potential threat to the Russian state.

Threats Are Multiplying

Sergey Blagovolin, president of the Independent Institute for National Security, who is participating in the development of a Russian concept, believes that it should resolve the following tasks.

- establish a real estimate of the military-political situation;
- reduce the scale of military preparations and simultaneously create effective armed forces for the protection of national interests.

—give an opportunity to the democratic forces in the army to take part in military reforms

The new concept is based on two facts

—there is no enemy in the West now—there are only partners and potential allies.

—at the present time, threats to Russia are not disappearing but multiplying, and are unpredictable and uncontrollable

In the opinion of Professor Blagovolin, the war in the Persian Gulf itself signifies the beginning of a struggle for a new division of the world. At the present time, Russia is not in a condition to ensure its own security autonomously, outside the global structure (for reasons including economic and technical). History, says Blagovolin, arranged the least favorable geopolitical position for us. Potential dangers surround us on all sides, and their sources can be found even in the former USSR. In this situation, Blagovolin believes, we need armed forces that are capable of cooperation and coordinated action with Western allies and that are simultaneously ready for defense in the event of the outbreak of unforeseen circumstances and threats to the interests of Russia and the Russian-speaking population. The numerical strength of these forces can be reduced in the future to a million persons, but the level of professional training should approximate the American level.

Valeriy Borisov, a representative of the Center of Operational-Strategic Research of the CIS General Staff, talked about the draft military doctrine of Russia, according to which it is preferable to resolve all disputable questions by political-diplomatic methods, which will be effective only as long as they are supported by adequate defensive power. Our allies can be any states and coalitions that are for the prevention of war. Borisov expressed the opinion that the numerical strength of the army should be kept within the limits of 0.8 percent of the total population, and, in this case, expenditures on defense will amount to four-five percent of GNP. The representative of the General Staff also talked about potential threats. They are:

—nuclear states of the former USSR.

—military bases around the CIS.

—conflicts inside the Commonwealth

ECONOMIC AFFAIRS

Coordinating CIS Rail Transport

924A1067A Moscow GLDOK in Russian 24 Apr 92 p 3

[Article by V. Butko, chairman of the Directorate of the Council on Railroad Transport: "The Coordinating Organs of Railroad Transport"]

[Text] With the creation of the Russian Ministry of Railways [MPS] on the basis of the reorganized Union

Ministry of Railways, the formation of railroad transport administrations in all the independent states has been completed. The question immediately arises: What next?

The railroad network was formed over a period of many years. It has common fixed capital: railcars, locomotives and containers. The network consists of 33 roads, however, and each one ensures the operation of the common fixed capital from the technological standpoint. It is this that necessitated the development of unified standards in the construction of rolling stock, unified technology for maintaining and repairing the fixed capital, unified traffic safety norms, etc.

Realizing that a break in the existing technology of road operation would lead to transport paralysis, and consequently, to the breakdown of the economy of the Commonwealth countries, the directors of their railroad administrations signed an agreement in January on delegating the Russian MPS the functions of coordinator of the work of the CIS railroads in the transitional period. At that time, an appeal was made to the heads of government of the CIS states to create coordinating organs of railroad transport. The document on their creation was unanimously signed on 14 February in Minsk.

The Council on Railroad Transport of the Commonwealth member-states is an administrative body which coordinates the work of railroad transport on the interstate level. Its decisions are binding for all CIS railroad administrations.

The members of the council are the heads of administrations and administrative bodies of the railroad transport of the CIS states:

E. F. Abdullayev, chief of the Azerbaijan Railroad.

A. A. Kandilyan, chief of the Armenian Railroad.

V. I. Zvekov, chief of the Bishkek Division.

S. I. Shkapich, chief of the Belorussian Railroad.

V. K. Davydov, chief of the Dushanbe Division.

Yu. V. Panov, deputy minister of Transport of the Republic of Kazakhstan.

G. M. Fadeyev, minister of Railways of the Russian Federation.

V. M. Zheltoukhov, chief of the Central Asian Railroad.

Kh. A. Akhmedov, chief of the Turkmen Railroad.

G. I. Mikenberg, acting chief of the Moldavian Railroad.

B. S. Oleynik, president of the Ukrainian State Railroad Transport Administration.

The railroad administrations of states that have not entered the commonwealth can take part in the work of the council—on contractual conditions. The council is headed by a chairman, who is elected for a period of one

year on the principle of rotation. At the first meeting of the council, G. M. Fadeyev, Russian Federation Minister of Railways, was appointed chairman.

The council coordinates railroad transport operations on the interstate level and in service with third countries and works out the conditions and principles agreed upon for activity, within the framework of the unified economic space of the Commonwealth states. Its basic functions include:

- coordinating the concept of using railcar and container fleets and confirming the method of calculating the norms for the work of the rolling stock and containers in interstate service;
- ratifying the normative documents regulating the organization of transport in interstate service and in service with third countries;
- ratifying the system of contra accounts between railroad administrations for transport fulfilled, the use of the locomotive, railcar and container parks and their repair;
- coordinating proposals on the structure and volume of supplying railroad administrations with rolling stock and containers and determining the size of the funds to acquire them;
- confirming the bases for sectorial normative documents on traffic safety and for interstate standards to safeguard the transport process, on unified principles;
- passing approved resolutions on the priority directions for the comprehensive development of railroad transport and scientific research;
- confirming the technical conditions for loading and securing freight, and the rules and conditions for passenger and freight transport, including those for accepting and transferring freight;
- coordinating the proposals for unified railroad tariffs for the transport of passengers, freight and baggage in interstate service, as well as coordinating the unified international tariffs for transporting passengers, freight and baggage along the railroads of the Commonwealth countries in service with third countries;
- confirming the proposals on the structure, staff schedule, estimates of expenses and the procedure for financing the Board of Directors of the Council for Railroad Transport;
- appointing and releasing from duty the chairman of the Board of the Council for Railroad Transport and the deputy chairman.

Council meetings will be held at least twice a year and will be operative if at least two-thirds of its members are present. The meeting is called by the chairman and is as a rule held alternately in each of the Commonwealth member states. When necessary, extraordinary sessions

of the Council may be called, which are as a rule held at the site of the Board of the Council. The Board fulfills the functions of Secretariat of the council meeting.

Each member of the Council has one vote. Decisions on questions of a procedural and administrative-economic nature, which do not affect the economic interests of the council members, are made by a qualified majority of votes. In this case, the decisions of the Council are not binding for those of its members who have expressed disagreement with them and have so stated. Decisions on financial questions are made with the agreement of all the members of the Council. The working language of the Council is Russian. All documents connected with its activity are drawn up in the working language.

The Board of Directors is the permanently acting executive body of the Council on Railroad Transport. It is formed and abolished by decision of the heads of governments of the Commonwealth member states.

The Board is guided in its activity by the joint decisions of the Commonwealth member states in the sphere of railroad transport, and by the decisions of the Council on Railroad Transport. The Board is headed by a chairman. The chairman of the Board and his deputies are appointed and relieved of their position by the Council on a contractual basis.

On the instructions of the Council, the Board can represent it in relations with other organizations and institutions, both on the territory of the Commonwealth member states and abroad. The Board is a legal entity.

The main task of the Board is to carry out the decisions of the Council, coordinate the throughput of the railcar flows, draw up drafts of the basic premises regulating interaction and economic responsibility when transporting passengers and freight between the states of the Commonwealth, as well as transit transport in service with third countries.

The Board is entrusted with coordinating the plans for transport in interstate service and for export, with organizing the working out of a method of contra accounts, coordination and analysis of the work of interstate centers for the throughput of train flows, drawing up recommendations for organizing train traffic in emergency situations, implementing contra accounts between railroad administrations for transport performed, preparing proposals for unified international tariffs to transport passengers, freight and baggage along the railroads of the Commonwealth countries in service with third countries, and a number of other functions.

The Board monitors fulfillment of the resolutions passed by the council, for which it has three departments:

- correlating the transport plan and coordinating operations;
- working out the conditions for transport, tariffs and protocol-claim work.

—drawing up normative statements and contra accounts for transport and repair of rolling stock.

Important problems in the sphere of interstate transport and service with third countries will first be reviewed at joint meetings of authorized representatives of the railroad administrations and the Board.

In the process of transport, situations arise, particularly with respect to contra accounts, which require highly

detailed study of everything that has led to economic consequences for one of the parties, and therefore, we must have an arbitration body. Proposals on creating it are now being prepared.

The Board of Directors is counting on support from all those who are concerned about the fate of the unified railroad network, and awaits their advice and suggestions for improving the interaction of the railroad administrations of the Commonwealth member states.

POLITICAL AFFAIRS

Possible Reorganization of Government Viewed

924C13564 Moscow NEZAVISIMAYA GAZETA
in Russian 24 Apr 92 p 2

[Article by Mikhail Leontyev: "The Initial Step of Reorganization: However, No Sensations Are Anticipated Today"]

[Text] It is assumed that at the first post-congress session of the RF [Russian Federation] government, which was postponed from yesterday to today, steps will be taken with regard to the reorganization which had already taken place on the eve of the congress. It is also assumed that steps will be taken to "strengthen" the government by specialists ranging from "machine tool to plow," or—to put it more precisely—from director to chairman's armchair. However, it is very evident that no sensations are anticipated. The government has a powerful trump-card: If—within three months—the "Law on the Government" must be submitted, and a new structure for the cabinet must be approved—a cabinet headed up by a new premier—then two reorganizations within the course of three months during a reform period are already too much.

The post of vice-premier will evidently be taken by Khasbulatov's present deputy, Vladimir Shumeyko. This is permitted to him by his political origin (from among the Krasnoyarsk directors) and his service position. On the other hand, Shumeyko is the only acceptable candidate for the post of "overseer" on the government from the parliament. His relations with Gaydar's team have always been more or less constructive, but the level of his qualifications or skills do not permit him to hope for any more substantial role.

In line with Yeltsin's promises to remove the "most odious figures" from the government, the most obvious one to be reckoned with will be Titkin, the minister of industry. He was never a member of the "team," nor has he merited any special love from the industrial lobby. Furthermore, his portfolio could be divided up with minimal losses among two or three solid portfolio-carriers for those representatives "from the very midst of the people."

It is considerably more complicated to define or specify the changes in the "political part" of the cabinet. On the one hand, it is precisely the political part of the government's activity that can—with sufficient grounds be deemed as failed or collapsed. On the other hand, the utterly "odious" political ministers, such as Mikhail Poltoranin, have manifested an interest in a future vacancy. The grounds for such claims have recently faded to a considerable extent. However, the experience of the previous Russian government shows how dangerous the claims or pretensions by political outsiders can be for it.

Moscow Statement on Congress Resolution on Economic Reform

924C13014 Moscow KURANTY in Russian 14 Apr 92
p 1

[Moscow Vice Mayor Yu. Luzhkov: "Statement of the Mayor's Office and the Government of Moscow"]

[Text] Yesterday Vice Mayor Yu. Luzhkov held a press conference at which he made a statement in the name of the office of the mayor and the Government of Moscow. In one of our next issues we shall recount Luzhkov's in-depth comments on this statement, and his response to certain questions.

"The resolution of the 6th Congress of People's Deputies of the Russian Federation, 'On the Course of Economic Reform in the Russian Federation,' leaves no doubt that a considered and well-planned attack by conservative forces in the corps of deputies on the course of radical reforms in Russia has begun.

"No one should be deceived by the assurances of the conservatives of their desire to 'also carry out reforms, but more slowly and more cautiously.' Their position is clear: an assault on the government—which is an assault on the President and the policy he is conducting. The fatal consequences for Russia of this assault is obvious to practically everyone.

"True, the work of the Government of Russia is not free from serious shortcomings. It is clear that insufficient attention was devoted to questions of efficient administration, a tendency toward excessive centralization of administrative functions, and an excessively strict credit and financial policy. And nevertheless, the dedication of precisely this government to the cause of building a modern economy in Russia raises no doubts. To put the Government at this time, at the most complex, the most responsible moment, in a position of direct dependence on the mood of deputies who are susceptible to political currents—means to condemn the country to economic and as a consequence, political chaos.

"The policy conducted by the corps of deputies will lead to the dismantling of the executive power structure which Russia needs so badly at this stage of reform. Under such conditions the actions of the local administrative authorities inevitably will be paralyzed, and the solution of problems vitally important to the people will be impossible.

"This would have an especially painful effect on the lives of Muscovites, since in a city of many millions, their lives depend more than in other places upon the capability of the executive authorities."

In the critical situation which has come to pass, the mayor's office and the Government of Moscow made the following statement:

"We totally support the President in his efforts to stabilize the economic situation of Russia and to strengthen the executive authorities.

"We consider that the resolution adopted by the 6th Congress of People's Deputies of the Russian Federation, 'On the Course of Economic Reform in the Russian Federation,' represents a special danger not only for the course of economic reforms, but also for the functioning of the economy in the country as a whole:

"We see no possibility of continuing to carry out our activities in the event the President, who was chosen by the entire nation, is forced to accept the resignation of the Reform Government of Russia."

Mayor Sobchak Profiled

924C1301B Moscow KOMSOMOLSKAYA PRAVDA
in Russian 25 Apr 92 p 3

[Article by V. Andreyev: "One Bet, and There's No Leningrad!": Fourteen Little-Known Facts From the Life of St. Petersburg Mayor Anatoliy Sobchak"]

[Text] 1. Since the beginning of perestroika, Anatoliy Sobchak, a scholar-jurist and a specialist on economic accountability [khozraschet], has been trying to find himself in a number of unique positions: he was head of a university department, a member of the CPSU, worked for awhile at a cooperative, and tried out his telegenic qualities in the role of host of one of LenTV's programs on legal topics.

2. After breaking into major politics in 1989, Sobchak was unnoticed in his contacts, both with the CPSU Obkom, and with the opposition of that time—the Leningrad People's Front. He explained his unexpected participation in the election battle in terms of his passionate desire to demonstrate to his unbelieving colleagues at Leningrad State University the possibility of equal competition with a machinist-assemblyman from a Baltic plant. Anatoliy Aleksandrovich even made a bet [zaklyuchil pari] for a bottle of cognac with one of the then highly-placed leaders. Sobchak himself testified to the honesty of the boss [sic] who lost, but the fate of the cognac is unknown.

Incidentally, being indifferent to liquor, Sobchak was sometimes forced to hide from his deputy colleagues in the hotel. While paying him a visit in order to get some more political and legal information, the people's choices would usually take him along with them.

3. Sobchak twice took part in elections to the Congress of USSR People's Deputies. The first time he fared brilliantly, garnering over 90 percent of the votes in an election to the "Stalin-Brezhnev" Supreme Soviet (when Zaslavskaya, Yeltsin, Popov and so on were "knocked down"). The second time, while fighting for the seat of chairman of the USSR Supreme Soviet, he gathered only

80 supporters in all, which was only one-fifteenth of that of Anatoliy Luzhyakov, who was then elected speaker [sic].

4. After the putsch, Sobchak headed a USSR delegation for negotiations with Estonia. After a few meetings, the Estonian side unofficially asked to have him replaced with a more compliant and professional diplomat.

5. While the votes were being counted for Sobchak's special election to the Leningrad Soviet, "prominent" democrats waiting for the results sat up with him all night in his kitchen. These were the same ones he later began to refer to as "boys with beards, among whom the amount face foliage greatly surpasses the amount of grey matter they possess." For some reason, Russian People's Deputy Petr Filipov, the organizer of Sobchak's election to the Lensoviet, was especially unlucky, for he possesses a luxurious beard. He not only did not receive any post whatsoever, he also became the permanent object of genuine Sobchak political sarcasm.

6. In the chairman's conflict with the Lensoviet, Sobchak initially had the support of all the mass information media, including Nevzorov. Aleksandr Glebovich, with his typical straightforward manner and his love for enigmatic allegory, depicted Anatoliy Aleksandrovich as a kind of "wounded lion" in his skirmish with the "rat" deputies who had seized the city. However, Sobchak happened to find such support not to his liking, and after Nevzorov's sensational panopticon, "Vlast" ["Power"], he declared that he would never offer that rabble-rouser ["Shurik"] his hand.

7. Leaving the CPSU (The decision was made together with Popov and Yeltsin at one of their dachas) in the fall of that same year Sobchak proposed freezing the activity of all parties and movements and devising something like V. Alksnis' "Ch.P." [state of emergency], which proposed the membership of a special committee for governing the country (without Gorbachev and Yeltsin), and envisioned Sobchak among its members.

8. When the putsch began, Sobchak was in Moscow. After taking counsel with Yeltsin, he managed to fly to Leningrad [Piter] and made his way straight to Palace Square—to district headquarters, where the local GKChP [State Committee for the State of Emergency], led by General Samsonov (now chief of the General Staff, CIS Armed Forces), was already in session. Bringing all his eloquence to bear, and demonstrating the unlawfulness of the action, he convinced Samsonov not to use his troops. Anatoliy Aleksandrovich recommended that Boris Gidasov, leader of the Leningrad communists, simply take to the streets and shout at the passers-by that the CPSU has nothing to do with the putsch. (Subsequently, the St. Petersburg public prosecutor declared that the party oblast committee did not participate in the coup.)

9. Law professor Sobchak is a record-holder in terms of the number of municipal ordinances overturned by the Soviet, some of which were also protested by the public.

prosecutor as legally unsound. Recently, for example, the St. Petersburg Soviet restored to his position the chief of a regional administration whom Sobchak had stripped of his post for drunken driving, considering that the fine and loss of his driver's license was punishment enough.

10. Before joining the CPSU and being elected a people's deputy, Sobchak was denied permission to go abroad 23 times. Today, he is one of the record-holders in terms of voyages abroad. A number of major Western bankers have formed their impressions of the city not so much from its economic program, as much as from the personality of the mayor and his political image.

11. After the events of August, the CPSU Obkom was evicted from the Smolny Building, and the mayor's office moved into the revolutionary headquarters, in spite of "democratic protests." At the same time, the mayor himself, not wishing to occupy the office of the obkom first secretary, remained in the "vanguard;" that is, in the lair of his main opponents—in the building of the St. Petersburg Soviet.

12. Like many former and present political figures, Anatoliy Aleksandrovich writes political commentary. Sobchak believes that, seeing in this a small part of his talent, many functionaries will more quickly solve the problems confronting them, not wishing to find themselves his targets. Presently, according to our information, he is completing work on what is already his third book, "Zhila-byla kommunisticheskaya partiya" [Once Upon a Time There Was a Communist Party], where many pages are devoted to polemics on Lenin on conceptual problems of state construction. They mayor has the opportunity to carry on this discussion, while looking the Leader right in the eye—an enormous portrait of Ilich hangs in his office to this day. It would not be possible to remove it without causing significant damage to the building.

13. Before he became involved in politics, one of Anatoliy Aleksandrovich's favorite pastimes was taking care of his house. His spouse had no cause to complain. Anatoliy Aleksandrovich especially enjoyed fixing up the house. Sobchak made all the repairs to his house—from major to minor—with his own hands.

14. Sobchak is a great admirer of ancient literature.

He has a large library of the classics in his home, which he has been collecting all his life.

But you see, he has no time or effort to spend on modern art. "I have not even seen 'Little Vera,'" laments Anatoliy Aleksandrovich. And so it is hard for him to estimate its influence on the souls of the upcoming generation.

On the whole, Sobchak does not consider himself a sanctimonious person, and he has an understanding attitude toward the abundance of naked women's bodies on the movie and TV screens.

But at the same time, he categorically rejects vulgarity and pornography. The Spartans of which he reads so avidly had a custom: boys and girls were taught together, and they were required to come to classes naked, so that the children would get used to mutual nakedness and would see one another as comrades and not simply as the bearers of opposite qualities. "But," Sobchak adds with a smile, "it is not possible to follow such a custom in St. Petersburg: the climate will not permit it."

Member on Constitutional Court's Role

924C12844 Moscow ROSSIYSKAYA GAZETA
in Russian 27 Apr 92 p 2

[Interview with Ernest Ametistov, Constitutional Court justice, conducted by ROSSIYSKAYA GAZETA correspondent Nadezhda Zhukovskaya: "The Law: "A Court Supreme and Impartial"]

[Text] *For the first time in the history of our country a supreme organ of judicial authority has been established and is functioning: the Constitutional Court. Yet few people know what it actually does. That question is of interest to economist A. Kisil from Omsk, among other readers. Our correspondent Nadezhda Zhukovskaya asked Constitutional Court Justice Ernest Ametistov to respond to the question.*

[Ametistov] The establishment of the Constitutional Court means that we now have a body capable of expressing its opinion regarding the appropriateness of various acts passed by the executive, legislative and judicial branches from the standpoint of the current Constitution, and to repeal such acts if they are found to be unconstitutional in nature. This is a completely impartial authority guided solely by the republic Constitution and its sense of justice. No form of influence on the court is permitted.

As you are aware, the justices were elected by our country's supreme organ of state authority, the Congress of People's Deputies. Before their election they went through a thorough selection process in Supreme Soviet committees. There were several nominees for each position. Perhaps that procedure was to a certain extent oversimplified. Nevertheless, the deputies took this responsibility upon themselves and after very thorough consideration of each nominee made their choice.

Under the law the Constitutional Court operates within the framework of three procedures. The first is consideration of the constitutionality of international agreements, laws and other standardizing acts adopted by the supreme organs of legislative and executive authority. As a part of that procedure people's deputies, all supreme organs of authority in the Federation and its constituent republics and public organizations may submit petitions to us.

The second procedure is consideration of individual complaints. Every citizen (or physical person) and corporate body may submit to us a complaint stating that

their fundamental rights or legitimate interests have been violated or not protected by the decision of a court or other state organ or by an official. However, the Constitutional Court does not accept every such complaint. It only deals with those cases, decisions in which were made in accordance with custom. At issue are the regular practices of courts and administrative authorities.

Allow me to give you one example. We received an appeal from two pensioners who had been fired from their jobs solely on the basis of the fact that they had reached pension age and acquired the right to receive a pension. In recent years firings on that basis have become a common occurrence. We found that practice unconstitutional because in the case in question age discrimination had occurred. So we restored the rights of the pensioners who were fired. In my opinion, courts should be guided by our decision when they hear cases of this nature.

Here is another typical example of constitutional practice: ordinarily when divorce cases are heard the courts are inclined to award the children to their mothers and not their fathers, even though this standard is not found either in the law or in the Constitution—in all cases reference is made solely to "parents." And citizens should be aware of that.

The third procedure is one in which the Constitutional Court issues its findings regarding the constitutionality of actions and decisions taken by highest-level officials, and regarding certain other matters. Within the framework of this procedure the court may give its conclusions on issues raised by supreme organs of state authority or at its own initiative. And if those organs of authority invoke the constitutional mechanism for dismissal of officials from their duties, then they must be guided by a finding of the Constitutional Court.

[Zhukovskaya] How is constitutional judicial authority represented at the local level?

[Ametistov] We do not have any structure at the local level analogous to the general judicial system. Generally speaking I feel that the new Constitution should separate the Constitutional Court from the general judicial system. It involves a special type of jurisprudence which does not fit within the framework of customary perceptions of a court.

[Zhukovskaya] A reader of ours, A. Kisil, writes that Constitutional Court decisions are more reminiscent of political games than defense of the Constitution.

[Ametistov] We hear that kind of complaint quite frequently, including from some very highly-ranking individuals, in connection with the first case heard by the Constitutional Court—in regard to the constitutionality of the presidential ukase combining the Federal Security Agency and the Ministry of Internal Affairs. The president was authorized by the Congress of People's Deputies to reorganize or create new executive organs, i.e.

ministries and agencies. But that authority was granted to the President solely within the framework of economic reform. And in cases where an ukase such as this is not in accordance with current legislation a draft should be submitted to the Supreme Soviet for consideration. Something which was not done when the ukase ordering a merger of those two agencies was prepared.

Thus this was a violation of one of the fundamental principles of the current Constitution, i.e. the principle of separation of powers, and that was the grounds upon which the ukase in question was declared unconstitutional. Where is there any political gamesmanship in that?

[Zhukovskaya] In the opinion of many of our readers Russia is gradually being transformed from a unified country into a conglomeration of "petty princedoms," with each of them claiming to be a subject of international law. People are afraid that Russia is heading down the same road as the USSR, and cite the Chechen Republic and Tatarstan as examples.

[Ametistov] It seems to me that due to the situation which has arisen in connection with Chechenya, Tatarstan and other former autonomous regions many of Russia's political figures in the three branches—legislative, executive and judicial—have become somewhat rattled. As a result certain mistakes have been made with regard to assessment of the situation and tensions have been raised unnecessarily. Let us attempt to define what is actually happening.

Russia is not perishing or disintegrating. What is occurring is a difficult and at times agonizing yet on the whole normal transformation of the imperial structures that we inherited from the communist and pre-communist past. A fundamentally new system of relations between the formerly disenfranchised autonomous regions/colonies of the former communist empire and the central authorities is taking shape. That system will be based on recognition of the sovereign equality of all members of the Federation and their right to self-determination. Everything that is happening is not made up of random, isolated events; this is merely a part of the global historical process of peoples' growing national self-awareness and the fall of the great empires of the modern era, a process which has been developing since the middle of this century and to which the Soviet Union was the last to fall victim.

This is an objective process reflecting conformances to law in the development of human society in the era in which we happen to live. To ignore that or to insist that we can avoid this time of trial would be to completely ignore reality. To assume that this process conceals some mysterious international conspiracy to break up our country is to completely lose all sense of the reality around us.

[Zhukovskaya] What is there that we can do in this difficult situation?

[Ametistov] For starters, we can try to rid ourselves of the habit of living and thinking according to a double standard, a habit we inherited along with the communist mentality. If in the past we cordially supported the right of self-determination for the peoples of Ukraine or Lithuania, then how can we today refuse that same right to the peoples of Tatarstan or Chechenya? We have an obligation to recognize that right for all the large and small peoples living in Russia. On the one significant condition that a desire to exercise that right has been expressed by a majority of the population in a given republic or by its legally elected representative body, of course.

Furthermore, the right to self-determination, according to documents of international law, provides not only for the creation of a sovereign and independent state, but also for free annexation to an independent state or union with that state, or establishment of any other political status voluntarily chosen by the people. That option of a free choice of self-determination also determines the prospects for preservation of Russia's unity and creation of a renewed Federation. The path to that kind of renewal has already been shown by the signing of the Federation Treaty, the parties to which have agreed to exercise the right of their peoples to self-determination "as components of the federative Russian State." Even Tatarstan has expressed its intention to remain a part of the Federation, even though its relations with the central authorities are clearly going to be regulated by a bilateral treaty. In any event, that is what it is insisting on.

And so despite all the fears and dire predictions Russia has not disintegrated. This is thanks to the federal authorities, who in contrast to the leaders of the former Union did not drag out the process of establishing new relations with the subjects of the Federation until that fateful moment when the centrifugal forces became irreversible.

However, it is still too early to let our guard down. We must be realists and realize that neither the Federation Treaty nor the new Constitution can by themselves ensure lasting unity in such a huge and heterogeneous country as the Russian Federation. The only true basis there can be for that unity is the thing that has united peoples and countries down through history: mutual economic interests and solid commercial ties. Those in turn can only be realized through successful implementation of economic reform and creation of a unified Russia-wide market. Failure of reform will inevitably lead to disintegration of the state. Russia's future depends upon the success of reform.

Former KGB Lieutenant on Second Defection

924C1298A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 25 Apr pp 3, 5

[Article by I. Drobyshev: "I Was a Kitchen-Boy in the KGB Kitchen"; New York-Moscow]

[Text] It is very easy to recognize a fellow-countryman when you pass one on a New York street. Willy-nilly—you recognize him. In the summer—by the haircut, and in the winter—by the cap with ear-flaps. The only other people who wear those here are the blacks.

Once I decided to check on this, all the same was this true or not? I spied someone in an ear-flap cap—a hawker, trading in calendars, playing cards and other small items. I went up to him. Our eyes met. "Russian?" I ask. "Russian," he answers. When he found out that I was a journalist from Moscow, he introduced himself.

"Anatoliy Semenov, senior lieutenant of the KGB. Former, of course."

Seeing that I did not believe him, the hawker added:

"Fifteen years ago I walked out of one of the Soviet embassies, found myself in America and obtained a "green card" (a document that is a residency permit in the United States—five minutes away from citizenship—I, D.). For five years I lived as an American—I couldn't keep it up. I asked to go back. They allowed me to. After another ten years I returned here, as a private person—by invitation. I want to reinstate my American documents. I am also writing a book...."

In any event—this is his story, and you can judge for yourselves.

Anatoliy Semenov was born in Podolsk in 1941. After school, he studied at a radio-mechanics tekhnikum. He served in the army for three years. In 1966 he graduated from the Omsk School of Aeronautical Engineering, and then married. He went to work at the Vnukovo Airport. Two years later he was invited to work in the KGB. After eight-month courses for radio men and coding clerks, young Lieutenant Semenov found himself in the 13th Department of the First Main Administration. He worked for two years in the Communications Receiving Center of the PGU at the Lvov station in the Moscow suburbs. Then the first foreign assignment turned up—to the Soviet Embassy in Dar-es-Salaam, where they took him on the staff as a duty commandant. Here Semenov unexpectedly discovered his restless nature and was not in tune with his "Kagebeshnyy" [KGB-type] boss, or even the ambassador. Perhaps it was because of this, and perhaps by chance, but his next appointment was the position of radio man, as Anatoliy said, "in a very new embassy in Niger, where neither the KGB nor the GRU [Radio Main Administration of the USSR Ministry of Communications] had ever been. I was 'purely' a radio man, working at the MID [Ministry of Foreign Affairs]."

His wife arrived later, but the children, of whom there were already two in the family—sons—had to be handed over to the KGB boarding school in Moscow during the foreign assignment. Everything was fine: work, family and wages, in currency—but after almost two years, in October 1976, a KGB officer suddenly left the embassy ("So that three days afterward, they were using boat

hooks to look for his body in the Niger River") and in a little while he found himself in the West.

Anatoliy did not begin to tell about how he went to the local CIA residency and how they conveyed him to the West—he has to live here. He said only that they interrogated him somewhere near Washington for about four months. When they were finally convinced that everything that he had told them was not just a "legend," they suggested that he settle in the States, having first changed his name—to avoid exciting his former colleagues. He called himself Andrew Dimik ("My sons are named Andrey and Dimitriy"). He obtained a social security card and a "green card"—the pinnacle of the dreams of thousands of his fellow countrymen working in the United States illegally.

For eight months, Anatoliy-Andrew studied the English language in courses in Atlanta. Then there was a brief stage of professional retraining in Cedar Rapids, Iowa: "I had to relearn on microchips from tubes." Dimik's work history began in the Rockwell International Company in Miami. He lived there from 1978 to 1981.

Anatoliy traveled a great deal—he traveled through 35 of the 50 states, and replaced six cars in the five years of his American life. He felt free to have relationships with Western women, which is "prohibited" for a Soviet—to put it simply, he had a girl friend (he already knew, incidentally, that his wife had remarried—he called Moscow several times from a pay telephone). He even married one of them—a sultry Puerto Rican. "We lived together for only two months, and got divorced in four months."

Soon afterward, however, Dimik-Semenov began to get depressed—particularly after his last conversation with his wife—she asked him not to phone anymore; she said, the children have a new father, whom they already call papa.

In the summer of 1981, Anatoliy was transferred to another division of the company—to Long Island, New York, and while there began to think seriously about going home.

By that time, Anatoliy already had another flame—an American of Italian descent, named Phyllis.

Semenov-Dimik threw a farewell banquet for Phyllis and her friends in a restaurant at Brighton Beach ("Only I knew that it was a farewell, they did not even guess"), and broke off with Washington. He asked a taxi driver to take him to the Soviet Embassy. "The old one or the new one?" the taxi driver asked. "The new one, of course," answered Anatoliy, for whom a new stage in his life was beginning. So the taxi driver took him to Tunlaw Street, to the new embassy building, which was not yet in operation (just as now, by the way). He asked them to call any diplomat.

Events then developed like a scenario in reverse. While in Long Island, Phyllis and the police searched for the

body of her "boyfriend" ("Just exactly like Niger"), and the Soviet diplomats took Dimik to the United States State Department. "I had been there only once before. It is just that while then, five years ago, our people had tried to persuade me to return, now the Americans were trying to talk me out of leaving."

Having convinced themselves that this was in vain, they reminded Anatoliy that he, as the possessor of a "green card," could return to the United States in the course of the year.

He saw neither the "green card," nor the social security card again, however—our people seized them. Instead of this, they issued him a foreign service passport in his former name, and on 17 December 1981, Anatoliy Dmitriyevich Semenov left for his native land on Aero-flot.

At Sheremetyevo, everything went just like a spy movie. "Svetlana Alhiluyeva, who returned to the Union a few years after I did, and who, in general, had befouled the Soviet Union from head to toe, was met by a Committee of Soviet Women with Flowers, but for me, at that time—a Committee of Soviet Men with Handcuffs." They put the former senior lieutenant of the KGB in the black "Volga" and took him straight to Lefortovo. In the office of the investigator, they presented the long ago prepared charge of betraying the Motherland—Article 64, item "a" of the RSFSR Criminal Code.

The investigation went on for five months. The result of the "rendezvous" in Lefortovo was eight volumes of "written" investigation, two of which had been prepared even before Semenov returned. In 1982, a military tribunal of the Moscow Military District, apparently taking into consideration the "voluntary appearance as a guilty party," sentenced him to ten years: the first three years in prison, and the remainder—in a hard-labor camp.

He sent about ten applications to the Presidium of the USSR Supreme Soviet—he wrote that he had not betrayed the motherland, that he had returned home voluntarily, of his own accord. There was no answer. At the very beginning of 1987 he wrote to Gorbachev personally, and on 3 April was pardoned by a Ukase of the USSR Supreme Soviet, with removal of his conviction. He was released on 14 April.

A new stage was beginning in the life of 45-year-old Anatoliy Semenov, but nothing good, or rather, he did not feel that it was. He had been completely cut off from his family—as far back as in the investigative "isolator" of Lefortovo he had learned that the children had been adopted without his consent. In Moscow, to which he had returned after his incarceration, they naturally refused to register him.

And now the Dimik awoke in Semenov, the Dimik who had succeeded in developing in him, during his years of American life, a taste for democracy, and moreover, for the most "unbridled" manifestation of it.

Meanwhile, he managed to correspond with Phyllis, who then arrived for the first time in May 1990 and for the second time—immediately after the August putsch.

Then, when a light finally shone at the end of Anatoliy Dmitriyevich's tunnel—the CPSU was banned, the KGB had virtually collapsed, and everything around had fallen: "How good life will be!"—he decided to go back to America.

He and Phyllis went to the OVIR [Department of Visas and Registration of Foreign Citizens], where an official in a mood of euphoria told him: "Change your native country? Just what is the crime in this NOW?" In short, in two months he received his general civil status, stood in line at the American Embassy, hid nothing, filled out his questionnaire and went through his interview successfully. When he went for his passport and visa, they said to him: "Your case is an unusual one, and we should get in touch with the State Department. But we think that everything will be in order."

They did not deceive him—Semenov-Dimik found himself in America. True, only until May—his visitor's visa was good for six months. He is no longer living with Phyllis—they had a falling-out. He trades and hawks from nine to six, getting 30-50 dollars a day—not bad, when you consider that he has no work permit (although not much—by American standards).

He has already experienced his first failure—at the CIA, they said that they could give him no help at all in the sense of reinstating his American persona: they had erased the information in the computer, fearing that the Semenov documents might be used by illegal KGB.

Anatoliy is not depressed, though, and for some reason has placed his hopes on the book about his adventures, which he is finishing and wants to publish in America: "I began it 12 years ago, and, incidentally, it was stored all this time with Phyllis in New York. NOVOYE RUSSKOYE SLOVO wants to publish one of its chapters—on Tanzania, which is still of some interest."

The fact that he has more solid competitors who have already made a name for themselves in America—take Oleg Kalugin—does not disturb Anatoliy: "If you undress Kalugin or even Gorbachev in the bathhouse—I will, perhaps, look more attractive. But seriously speaking, Kalugin can know something only from the words of those who have prepared reports for him. I, however, was a kitchen-boy in this 'kitchen.'"

ECONOMIC & SOCIAL AFFAIRS

Former Finance Minister on Central Bank's Role

924A1079A Moscow NEZAVISIMAYA GAZETA
in Russian 25 Apr 92 p 4

[Interview with Boris Fedorov, former Russian Minister of Finance and advisor to the European Bank for Reconstruction and Development, conducted by

Mikhail Leontyev: "The Central Bank Has One Task—To Fight for the Soundness of Money"]

[Text] **Boris Fedorov, former Russian Minister of Finance and advisor to the European Bank for Reconstruction and Development, speaks on the role of the Central Bank in economic reform.**

[Fedorov] I hold the viewpoint that "the ruble lived, the ruble lives, and the ruble will continue to live." My main premise is this: Despite all the foreign aid, the strengthening of the ruble is a domestic task. No matter how many billions they may give us. Although all of this will help, of course. It seems to me that for the immediate future, the CBR [Central Bank of Russia], using its own specific status independent of the government and answerable only to the parliament, may turn into a central organ for implementing a normal economic policy and really achieving a situation whereby the ruble will become real money. The CBR has only this task. From it stems the fight against inflation.

For the present day, the entire arsenal of methods in this struggle has not yet been utilized. For example: At the auction the exchange rate of the dollar is 160 rubles, while at the bank it is 90.

[Correspondent] At the state bank?

[Fedorov] Why? In "Menatep," for example. This is a clearly abnormal situation.

[Correspondent] But, in my opinion, this is still the same story with non-cash and cash accounting: The CBR has in recent times been implementing a policy which hinders the transfer of non-cash money into cash. It is always trying to create some kind of barrier with purely fiscal methods.

[Fedorov] It should be broken down as soon as possible.

[Correspondent] We might add that all of this was done by the state and by commercial structures even two years. For the socialist economy this was, in essence, an economic revolution. However, the CBR is today conducting a counter-revolutionary policy. There is an entire industry of cash conversion.

[Fedorov] We must simply take definite measures. For example, if the exchange rate at the market is 160, and in the bank it is 90-100, then it is clear that this is profitable to someone. The first thing that I do is to permit the free sale to private individuals. Suppose I have \$10,000, and I want to sell them as a private party at the market. Not to the bank, but at the market, to give the bank the authorization and a two-percent commission. So that people would have access to the wholesale market

[Correspondent] At one time there was a draft ukaze on freedom of trade in which, unlike the variant which was ultimately signed, there was a point on freedom of trade in currency.

[Fedorov] Any large department store, I believe, must open a currency exchange station. This is a more civilized form than exchange offices—here you know whom you are dealing with, and where you may later turn. In principle, if someone wants to get a license for this operation, I would regulate a minimal difference between the buyer and the seller. So that there would be no cheating.

[Correspondent] But the exchange rate difference is associated also with that gap between non-cash and cash turnover.

[Fedorov] This is an elementary question. When we erase the difference between the cash and non-cash market, we should take certain technical measures, and begin printing 10,000-ruble bank notes already today. We must prepare for inflation and look two steps ahead, so that we will not have any silly crises with cash operations. If there is money on account at the bank, a person should have the right to withdraw it in any form.

If a bank cannot fulfill its obligations, that means it is not a bank. We want the ruble to be sound. What does this mean? First of all, it is stability in the banking system. First of all: The bank must, whether it wants to or not, give out money. Secondly: If today our inflation is a minimum of 50

a year, and you pay investors 10 percent annual interest at the savings bank, that means they have a negative rate of minus 40 percent. Under such conditions, the ruble will never get stronger.

[Correspondent] In other words, the bank must give a positive rate?

[Fedorov] It does not even have to be positive, but the difference between the rate which the average investor receives and the rate at which the average credit is given cannot be so great as it is today. If we have such a wild country, we must regulate this question. Let us, for instance, take the average difference in all the developed countries and multiply it by 10—it will still not be 40 percent. It will be 15 or 20 percent.

Or here is another elementary question. We said: Give us \$6 billion. Wonderful, this will all help. But today I would introduce the following proposal: I propose that we officially allow any Western citizen or firm to sell any sums of dollars on our domestic market through authorized banks.

[Correspondent] Do you know that Matyukhin closed all the ruble accounts of foreign clients until the introduction of a certain "investment" exchange rate?

[Fedorov] To this I can only say that in 1990 I was the first to officially issue the decision to residents to open ruble accounts. Because I believe that if we say that the ruble is money, then it must be used as money. If someone earns rubles on our market or sells currency on our market and receives rubles, he must have the right to use them as he sees fit. And we cannot establish any

"investment exchange rates." That would simply contradict common sense. To fix some exchange rate under conditions of inflation is in general senseless.

[Correspondent] In other words, the only method of maintaining a real rate of exchange of the ruble is to make it investable.

[Fedorov] I maintain that if you allow us to use these rubles for investments, for trade, and for all expenditures within the country, and if you permit the sale of dollars for rubles, then the ruble will be strengthened.

Just imagine, some person in the West knows that he must invest R10 million, and the exchange rate is 150. They say to him: Invest it 10 at a time. This is incomprehensible to the normal businessman. Perhaps at some stage, when everything stabilizes and is under control, we will be able to come to some maintainable level.

[Correspondent] A fixed state exchange rate?

[Fedorov] Yes. If you can allow yourself this

[Correspondent] I think, however, that the idea of a fixed exchange rate here is determined by the fact that no other exchange rate will do—it will be feverish and it will not be trusted.

[Fedorov] Therefore, and I can affirm this with full justification—in no country in the world has it ever been possible to retain the exchange rate at a certain level with the aid of any interventions. If the base economic factors—trade, the budget, bank policy, and production—say that the dollar must cost R100—you can spend R100 billion, but it will still not return to that level. And therefore intervention is necessary as a psychological factor which allows us to remove other speculative factors. That is, if you have a stabilization fund of R6 billion, you will frighten away those who are trying to play the exchange rate. But nevertheless: Do not spit into the wind. Otherwise, no billions will help.

[Correspondent] And what do you think, these currency interventions which the CBR conducted, were they conducted for nothing? That is, the "swing of the currency exchange rate was pushed" and returned with even greater force.

[Fedorov] That is why I say that there are tens of technical problems which we must solve before these R6 billion are "dumped in."

They promised, for example, that as of 1 July they will repeal the turnover of currency within the country. Does anyone believe this?

[Correspondent] A few believe it, but most are afraid.

[Fedorov] I believe that this is the only right direction. For instance, here is a store which sells goods for currency. Theoretically, as of July all prices may be increased a hundredfold and changed over to ruble prices. But there must be an exchange station here. In its

own country, the ruble must have at least the same conditions of favorability as the dollar, and then the demand for it will increase. If you want currency—please, go ahead and buy it. But people should not be afraid of earning rubles, so that there will not be mass craziness, when a person is ready to choke himself for wages paid in currency.

[Correspondent] But this is associated also with the fact that wages paid in currency, even small wages, are not comparable with the current exchange rate of ruble wages.

[Fedorov] And for them to become comparable, we must tear down the barriers between them. This is the same old story. You have two exchange rates. Cash and non-cash, and there is a barrier between them. There are two kinds of wages: Ruble and currency, and there is a barrier between them. The interest rates. There is one on deposits, and another on credit, and between them—a barrier. Thus, the technical barriers hinder the effectiveness of the market, which consists of a normal system of regulation and free circulation of information. And when, with the help of the state, we will be able to remove these barriers—and this is comparatively inexpensive, it is simply the art of state economic policy—we will make the market more well-developed, more uniform, etc. Then all these relations will even out. When the wage is \$5, \$10, or \$20, the country's potential says even today that it must be higher. It is unlikely that it will be \$5,000, but it should go up to several hundred. Yet this must be not an artificial process, but a process of market reform.

[Correspondent] What should the nature of the credit policy be? Today the payment crisis is becoming the main problem.

[Fedorov] In principle, in any country the increase in cost of credit leads to a decline in business activity. There is always a double-edged problem here: Either you are fighting against inflation, or you are fighting for an increase in production at the expense of inflation. It is very difficult to combine these tasks. Once again: The role of the government may be reduced to stimulating business activity, combatting unemployment, and so forth. But the normal Central Bank always has one task. To fight for the soundness of the money. Practical experience shows that the more independent a bank is, the lower the inflation rate.

[Correspondent] But with us everything is placed upside down. The government implements deflationary policy, while the CBR only periodically seems to agree with this.

[Fedorov] Naturally, the bank and the government may have differences—as in all countries. But in this case the government takes a more radical position, since it is more “market oriented.”

[Correspondent] The government is more “bank oriented” than the bank.”

[Fedorov] To a significant degree, yes. In this sense, the bank's task for the immediate future is to create its own conception, maybe even more radical than that of the government, on some questions.

Let us assume, the liberalization of prices has begun. But after all, the measures on restriction policy were late in being undertaken. They should have been started back in December. These are very unpopular measures. Everyone is shouting that there are no credits, and so forth. But we must understand that when we divided the banking system into the CBR and commercial banks, the CBR must cease being the source of these credits. This is not its role. Its role is regulation, monetary policy, the currency exchange rate, and interest rates. It is the commercial banks which must hand out credits. This is a question of supply and demand. The CBR may have some effect on this process (regulate interest rates, etc.), but these banks cannot engage in emissions through the issuance of credits. Therefore, we need a strict system of regulation. Automatic credit may be granted in very limited cases at a very high rate. In principle, the CBR is a creditor in the last instance, when there is nowhere else to turn. The interest rate must be higher than the market rate. Yet they do not understand this here. They think that the CBR is a milking cow. When you finance banks with the aid of such cheap credits, you are not helping anyone. Therefore, the competition between the banks is weak, and the rates are not dropping. Yet a significant part of the money goes through some benefits loopholes toward financing that which has always been ineffective.

In this sense, the role of the state must consist of defining the priorities.

For example, I would have three levels of accounting rates at the Central Bank, intended for various purposes. Part of the surplus profits from very high rates of the CBR may be directed toward subsidizing certain things. But within very limited and specific times.

It is very important to bring about order in the banking system. There are enough banks, but how many of them serve specific people.

[Correspondent] However, there are technical problems with servicing people. Under our conditions they must be served with cash transactions?

[Fedorov] The problem with cash transactions can simply not exist by definition. This is technical matter. It is simply to react in time to inflationary tendencies, to the “issue rate” of emission, and to remove kopeks from circulation in time. After all, the production of notes also has a certain price. This is purely a technical question which, in the large scale, is not related to monetary-credit policy.

[Correspondent] Yet I get the impression that some people in the government think that this is such a mechanism of monetary rescription when people are not paid their wages for two weeks, and that this supposedly must hold down the growth of prices.

[Fedorov] There is such a viewpoint, but if, for example, we do not supply cash ruble notes in exchange for goods, then, supposedly, the ruble will be strengthened. When there are no rubles—everyone runs around looking for them, while the exchange rate is being strengthened. But it is entirely clear that, first of all, the basic principle of banking activity is being violated: If you take money from someone, you must give it back. If this principle is not fulfilled, and the CBR participates in this, then this is already illegal. Therefore, the essence of the Central Bank's activity is to protect the investors. And one of the key tasks of the CBR is to resurrect the trust in the banking system. The bank which can serve its clients but for various reasons does not do so must be subjected to harsh repressions.

[Correspondent] The CBR today is taking measures to limit currency activity for commercial banks, which may be evaluated as discriminatory. For example, it is defining three Western banks in which the "authorized" commercial banks have the right to open correspondence accounts. Starting with this year, the general licenses are being replaced with temporary ones—valid for a year.

[Fedorov] On the question of how many correspondents a bank should have—it is silly to limit this number. But if the Central Bank does not know what is going on in the banking system, then shame and disgrace on such a bank.

Of course, to issue a license for a year—that is not serious. It is another matter that there must be four criteria on which a bank may be deprived of a license: violation of legislation, illegal operations... This is in any country.

In my opinion, an authorized bank is a solid bank with a good reputation, whom the Central Bank allows to perform various operations, i.e., making it the agents of currency control. If you trust a bank and give it a license, no additional permission is required. The Central Bank has more important questions to deal with.

I believe that the policy must be the same for all. There cannot be any privileges. There may be a list of, say, 50 of the most solid banks by certain criteria. This does not mean that credits will be granted to them more cheaply than to others, or in priority order. The only method of forcing the former state structures to become commercial is to force them to compete on an equal basis. And this means that the access to all resources must also be equal. It is quite natural—I do not know if everyone understands this—we are coming up to the moment when there will be bankruptcies of commercial banks. Because the country does not need this many banks. Many of them are very weak.

[Correspondent] In some countries there are more banks.

[Fedorov] Well, in what countries? In the USA? But they have a different system there—there banks were prohibited from opening branches in other states. Therefore,

there are many small banks. In other countries the number of banks is decreasing. Well, and suppose, in England, with its traditional banking system, there are 20 large local banks left. And 400 foreign ones. But there the population is 50 million people. If we draw proportions with Russia—then we should have 60 banks. But we have 2,000. It is clear that there will be either merging or bankruptcy. Competition will begin—under conditions of inflation, free prices, and free formulation of interest rates.

[Correspondent] And what is your attitude toward the "banking section" of the government memorandum? There the Central Bank is permitted, for example, to have "manual control" over the system of credit by commercial banks, etc.

[Fedorov] Well, here we must not confuse the question of administration and pressure on certain commercial structures with the fight against inflation. The fight against inflation comprises not only the reserve demands and the percentage rates, but also several tens of other instruments. Including, for example, a direct limitation on credit. Yet this does not mean that credit should not be granted to someone. It is simply officially accepted that credit may increase by no more than 10 percent this year. Then the monetary mass will also not be able to grow by 100 percent. There are also other methods. If credit increases above 10 percent, you may take additional reserve demands. Let us suppose, for example, that the standard is 10 percent, and you reserve 20 percent. In 1990 I proposed adopting a law on monetary-credit regulation in Russia, in which all these methods were presented. Unfortunately, it was not adopted, along with many others.

By rough estimate, having in its arsenal about 20 methods of regulating the monetary mass, finances, etc., the Central Bank may very closely monitor various changes. But it is necessary to know how to apply these methods. Unfortunately, at the present time we have few specialists who understand how the Central Bank works. I believe that very many intelligent people have left the Central Bank—I am referring to the former Union Gosbank [State Bank]—to go to the commercial structures. And in principle in the future direction of increasing effectiveness—this is not only the increase in the interest rate, but also, first of all, what people will work there—professionals or not.

[Correspondent] Should we raise salaries?

[Fedorov] Yes. If you want there to be a "cheap" policy, you will have "cheap" management. In any central bank the people get much more than in the Ministry of Finance. In our case, I believe, it is more expedient to pay the associates of the Central Bank as much as they pay in commercial banks, so that we have good policies, and so we may achieve results. This is more profitable for the state. The Central Bank earns money—they seem to have forgotten about this here.

[Correspondent] It is not that they forgot, but that it does not earn money.

[Fedorov] The central bank which does not know how to earn money is not a central bank. Therefore we must attract people and train cadres.

[Correspondent] But are you not afraid that if these people come from commercial banks, they will bring with them the interests of these banks?

[Fedorov] Well, this is a question of selection. As for foreign specialists, I would simply ask the Western central banks to send ten honest people or so, so that they could directly organize work in the structure of the Central Bank. This also includes the development of new laws. Because we cannot remain with what there is. By our level of regulation of the state economy, we must be at least equal with the developed states. It seems to me that all this is possible. We have the people, we just have to train them a bit. Other states are willing to help us. And also with people. We should not follow our own "home grown" path. Back in 1990, I said: Let us not experiment any more on our much-suffering homeland. Let us take the recipes which have been proven in other countries, where the results are known. If we know that no one has yet tried a certain path, I would not take the risk. If we know that free prices, anti-monopoly regulation, privatization, a normal central bank, and a strict budget policy bring definite results—painful, but significant? I do not want to see any more experiments performed on my country, especially by home-grown specialists.

[Correspondent] Does the specialty, formation, and character of work of the "central" banker differ from the work of a banker in general?

[Fedorov] Central banking is principally distinguished from commercial. We have examples of this. The Central Bank answers for everything. Either you go into retirement if such things happen, or you do not allow them to happen. Unfortunately, in our country no one ever taught them this. In principle, we do not have an entirely tragic situation—that everything has fallen apart. I know that there are people, that they can be brought together and that, if they are given the authority, will be able to achieve definite results quite rapidly. Today I am pleased by the fact that the current government, while making certain mistakes, purely technical ones, is implementing real reforms for the first time in the last 70 years. Cardinal reforms. And in this sense we must gather all healthy forces and unite them—so that Yavlinskiy would be there, and Petrakov.

[Correspondent] It is somehow difficult to unite on Petrakov's current platform.

[Fedorov] All this seems strange to me, too. Today is the critical moment. If it falls through today, then I am convinced that in the next three years it will be difficult to get anything together. And the present command is better by its level of understanding of the market

economy than any other one possible. The main thing is that they are not trying to do something home-grown, and that they have international support. I say conditionally, that if the effectiveness of work is today 50 percent, we must increase it to 100 percent. I believe that there are entirely realistic capacities for this. I am an optimist.

Russian Businessman on Attracting Foreign Investment

924C1265A Moscow LITERATURNAYA GAZETA
in Russian No 17, 22 Apr 92 p 10

[Interview with Russian businessman Artem Tarasov by correspondent Mikhail Ozerov in Great Britain, date not given: "Artem Tarasov: 'We Called It the Overseas Bank'"]

[Text]

[Ozerov] Your statement in LITERATURNAYA GAZETA at the beginning of January evoked great interest. But time today is extremely compressed, and there are numerous events. At the now ongoing congress of people's deputies, conducting economic reforms became the number one subject. Do you have any specific proposals for getting out of the current crisis, and for cooperation between the West and the East?

[Tarasov] Not in any other country, especially in a developed one, is there such a close relationship between politics and economics as there is in Russia. In our country, everything, including economic life, depends on politics, and, more specifically—on the political leaders who are in power. The Laborites have now lost the elections in England. The main reason for their failure lies in this: they announced a possible increase in taxes of a whole five percent. Imagine, what if they decide to increase the tax to 50 or 70 percent (which is quietly being practiced in Russia)? England would cease to exist as a developed state.

Everything is possible in this country, if the political decision is there. Even if it is murderous for the economy.

The root problem today is that we cannot pull the economy out of the ruins through our own efforts. This means orientation on help from the West. The West wants to help not only because for the West Russia is a source of fear (it will still remain a source of fear, because of the presence of nuclear weapons). Russia is a civilized country within the framework of the world community, and it has to be helped, if only because it is in a condition to make good use of this help and to return it to the community in full.

Now, many businessmen here see a way out of the crisis, associated with an actual overproduction in the West, in the opening of a new big market, first and foremost in Russia.

[Ozerov] Then where is the stumbling block?

[Tarasov] Alas, no guarantees exist on the territory of Russia. The guarantees of the government are not being taken seriously by anyone. The reason is simple: let the Russian Government pay back debts—70 billion, which it has already managed to over-guarantee. The guarantee of any Russian bank? Which ones? The foreign economic bank—a state monopoly hard currency bank—declared itself bankrupt, and it nullified accounts at numerous enterprises, including joint enterprises. Imagine for a minute that Barclays, Lloyds, or Westminster bank declare themselves bankrupt in England. It is unlikely after this that anyone will work with any British bank.

As for the decrees or laws that are issued here, everyone understands that they are on paper only. The executive authority spends most of the time struggling to maintain chairs for itself, and it came close to not reaching a level where it could be believed abroad.

In such a situation, guarantees have to be sought in the West. What will they consist of? It is necessary to have a structure in which Russian resources and Russian money are placed as guaranteed capital. But they must be placed in a Western establishment in which there is trust. And this money cannot be spent. It must "reel in" new capital and guarantee specific unambiguous profitable investments.

[Ozerov] But will foreign businessmen take a risk on such an establishment? Can such a structure be guaranteed against political risk?

[Tarasov] I think that it can. The old mechanism is too wrecked for it to start to work again. This means that the country must move only in one direction—to a market economy. I met with an American businessman not long ago. He is a "pencil king." His firm is a major producer of articles from wood. From furniture to pencils, Japanese chop sticks for eating... The American had just returned from Altay. He was shown forest tracts there, and he offered to build a factory. He told me "I would gladly build a plant tomorrow. The plant costs \$20 million. That is money I am not using, and the equipment is available, as well as the technology. But I will not do it. Because no one will guarantee the political stability of the work of the plant. I do not need anything else. I do not care what kind of a regime you have, what kind of a structure you have, and where and what you are heading toward. You guarantee that I will have an opportunity for at least five years to receive part of the products for sale in the West."

I asked him the question, "Can the government guarantee?" "No." "And the Russian bank in which there is hard currency?" "No." "But a Western bank?"

And here interest appears in his eyes, and specific questions start. What bank? Whom does it represent? How much money is in it? I tell him that I am creating a foreign Russian bank. It has real Russian capital. Moreover, this bank is recognized by other Western banks,

and they are stockholders in it. Then I hear "I agree to bring \$20 million and equipment and to start construction of the plant."

I ask the American a natural question: "How much will you pay me for your \$20 million that you will bring into the country with my bank guarantee?" The answer is startling: "Four million off the top." That is, he is interested in paying 20 percent from capital brought in under such a project for protection from political risk. Because within a year to a year and a half this investment will pay for itself, and after that it will be pure profit. He offered another 6-7 of his friends with a total volume of investments of more than \$200 million that they will pay for on the very same conditions of protection from possible political risk.

Today, such a bank is established and is registered. A number of leading banks of the world want to take part in it. The Suisse [Swiss] Kredit Bank, Canadian Imperial Bank, and the French Pariba. They are acquiring stocks first of all to see what will happen. But such acquisition will give our bank serious weight in the eyes of businessmen who want to work with it. We have a branch in Geneva. And we want to open a branch in Russia.

Now, the most important question of all—on guarantee capital in our bank. We are looking for people in Russia who are capable of adopting this idea. Thus, you are a plant director, and you want to reconstruct your plant. You see how profitable this is for you and for your Western partner. You know that his technology is cheap in comparison with the return that it will bring. Everything is ready. However, the partner is afraid to put money into your plant. And you can understand him. So, do the following. From your exports (you are still operating and exporting products), or from the common money box of the association, of which you are a member, you borrow a small sum, let it be five times less than the required guarantee for the investment, and deposit it in this bank. The money will not disappear anywhere, you can use it at any time, but we will work with Russia on conditions of 1:5 (one to five). If you need a guarantee of 100 million [dollars], and if on your part you put 20 million [dollars] into this bank, we give a guarantee of 100 million [dollars] to your partner who brings in the capital. Such conditions, in my opinion, should interest everyone who wants to do something realistically. We issued only 20 percent of the stock of the bank to acquire the prestige of Western investment banks, and 80 percent is on the table. Therefore, you with your plant will also become stockholders of this bank and, if you wish, a member of the soviet of directors.

Almost a half year was spent in implementing my undertaking with the bank. The fact is that it is possible to buy a bank in the West, but this is the height of stupidity, because the bank will try to hide its shortcomings over the past years. If this turns out to be a semisolvent bank, then you will momentarily inherit full responsibility for all of the sins that it had.

At a minimum, a half year is needed to register a new bank. Moreover, licensing for its opening is issued only by a decision of the government of the country. Because the bank bears the responsibility for the capital, and capital in the West is a very respected thing.

In order to obtain a government decision, a questionnaire has to be filled out that has about 150 questions. Among them, for example, is one like this: Describe your personal qualifications as a banker during a 10-year period in the West. Therefore, I began to look for a bank that was already registered, that already had a license and bankers, and that was absolutely "clean"—that is it did not conduct any kind of actual operations. And I found such a bank.

[Ozerov] Your idea aroused interest in Russia?

[Tarasov] I took it to a number of Russian structures, but there is still no positive response. I tried, for example, to submit this proposal to the Lukoil association. There is such an association in Tyumen Oblast that needs a bank very much. I feel, nonetheless, that there will be no answer. However, a paradoxical situation is forming. You are a Russian organization. You already have a million dollars lying in a Russian bank. Can you buy machine tools with this million today? It seems that you cannot. Why? To buy machine tools or food products, you must present a letter of credit, a letter that guarantees payment of this million from the account of your Russian bank. But your letter is not a surety document even for one Western bank, inasmuch as your Russian bank itself is not a guarantee. No one backs up this letter. Therefore, you have neither the deliveries, nor the equipment.

Today, a majority of the Western suppliers work in the opposite direction. You want to supply me something? You supply the oil, which I will first export, and for this sum I will import something for you. But the barter variant is the most unprofitable, inasmuch as we engage in the barter of raw materials and we receive end products in barter. This is absolutely incommensurable. And so there is an idiotic situation: The money is there, earned, for example by Tyumen Oblast from the sale of 10 percent of the oil approved by the government—but goods cannot be issued against them.

And suddenly it becomes clear that a billionaire bank can be created, without dragging anyone from Russia into it. It turns out that if you have a new bank, and you sign an agreement with another and already prosperous bank, and this big bank is also interested in running a test on just what the market in Russia is, then you will become the bank of this group. Then, for example, Westminster Bank opens an account in it for you, and miracles happen further. From its own account in its own bank, it transfers money to your account in its bank. At least a billion. And this costs one-thousandth of a percent. Because the money does not leave the bank. But you do not spend this money; you use it as a guarantee for investments in which you have confidence. That is

the money of those investors who go to the market is added to your money. In May, I will be able to declare the sum of capital of our bank. And let it not astonish the minds of Russian circles, including the former state security bank, from which, it is said, Tarasov took a billion. So that it does not cause a shock, I will explain how to do this.

I establish a bank not in order to earn money through it, but in order to make money on specific projects. When foreign capital goes into a real plant in Altay for the processing of wood, then the expenditures are quickly covered, and profits begin to come in. But we will try to participate in this profit on the part of Western capital. That is, really offering not just guarantees, but also work, service, mediation, and brokerage services. This is what my efforts are concentrated on now.

Of course, I think that political support will be needed. But I intend to do without any kind of decision at the governmental level. There is a positive reaction on the part of a large number of intelligent and understanding managers in Russia. This is quite adequate. For example, in Nizhny Novgorod, where we will open up the first agency of the bank. The Republic of Komi is also supportive. Why should I go to the very busy Russian Government, when I will do better to go directly to the top man in the Komi SSR [Soviet Socialist Republic]. This person has gone through the school of production, and he knows how necessary money in advance is to Komi, and not for oil or timber, which can be taken out of the republic in an extortionary way. Further contacts with the plant and the entrepreneur at this plant, and the political support of the local leadership, are necessary.

Americans are already declaring (of course, in undertones for the time being) that their government is ready to credit business of the United States toward investment in Russia. But nowhere is it being said yet that the American Government is ready to guarantee investments in Russia. A representative of a congressional committee of the United States, with whom I met twice—in London and in New York—said "We give credits to our business for entry into your market under a guarantee of your bank. And we will try on a governmental level to show that only this system is capable of working in Russia today."

[Ozerov] And what is your bank called?

[Tarasov] The Overseas Commercial Investment Bank. We thought about replacing the word "commercial" with the word "merchants." But, inasmuch as the main purpose of the bank is the support of investments, the word "merchants" was not very appropriate. But "overseas" responds to the spirit of Russian entrepreneurship.

I do not want to discuss in what directions the government will go and to think in macroeconomic categories. Today, it is necessary to talk about microeconomics and about real practice. But I am convinced that the hard currency that is received by the government will not be directed at a realistic implementation in investments.

and in the development of production. Not one government in the world is doing this. It can use hard currency in the best case for some kind of restraint on social dissatisfaction of the population. Let us say, for the stabilization of the ruble. But to really find a solution, it is necessary to change our concentration of attention fundamentally. Concentration on resource wealth, but not on the pocket of an impoverished people. However, even if the government does everything right, this does not at all mean that hard currency will open the door to investment of capital abroad. For this reason, we established a bank.

The second part of the work, which should be carried out for Russia, is the establishment of an international expert analysis of projects. For example, an American businessman went to Altay. He looked at everything with his own eyes, and he wants to invest hard currency. He decided to build a wood processing plant in an empty spot in the forest. All that he needs is investigation of the capabilities for delivery of timber, so that it would not be interrupted, and so that the timber is of a high quality and in the needed amounts. But there is also another example. Imagine a military plant which possesses enough potential people, equipment, and all of the rest. It wants to find a partner, so that he would invest the hard currency, introduce new technology, and switch to conversion for the output of consumer goods. Here, very competent, expert development of the project for applying this money is necessary.

When you meet with businessmen and you do not lay on the table a ready investment project, made according to their standards, then discussions will simply remain discussions. What is to be done? People in Russia are not trained to compile this kind of a project. International experts can be found in any sphere of activity. But they all have to be paid. And paid a sufficient amount so that they would travel to a site and jointly with Russian colleagues develop a project. I think that this is one of the expenditure items of the bank. The bank will be narrowly specialized. It will spend money on the study and analysis of investment projects, the compilation of these projects, and it will earn money on the implementation of these projects and on the guarantees issued to a capitalist by the bank.

I am convinced that a dollar invested in the government and a dollar invested in specific production are entirely different matters. The government can spend this money in a way that is not the best. Because the best cannot be achieved in it. An entrepreneur is needed for this. But a dollar invested in business earns one more dollar, those two dollars, another two, etc. These are my thoughts on what is most necessary today for Russia, for the republic, for the regions, and for the economy as a whole.

[Ozerov] What is your attitude toward today's government of Russia?

[Tarasov] Absolutely loyal and normal. I must say that I am against Gavdar. I appeared on the television program

"Vid," I drew diagrams showing the errors of the government in the tax system. What did I get as an answer? Some newspapers began to contend that Tarasov is sitting it out abroad, and all of his words are untrue, and our government is excellent. I understand the underlying reason. Why are you butting in here with your advice? Is it really necessary to give advice when you yourself are so far away? First, the one you are advising considers that he is in his own place. Is he supposed to follow your advice? And, second, you have no responsibility for what you are advising him. But he has the responsibility—it is on his shoulders.

But allow me to speak clearly about practical problems. The government is not working on them, and, indeed, it should not. If only it would not interfere! And if I remained among the deputies today, I would not vote for a change of government. Let Yeltsin be the president, and the prime minister. What does this actually change? As long as these people have taken on the responsibility, let them conduct their policy further. In my opinion, there is always time to correct mistakes, as well as, by the way, committing new ones.

[Ozerov] Recently, NEZAVISIMAYA GAZETA published an article about you. How would you comment on its statement?

[Tarasov] Although the newspaper is called independent, I would say that this article was specially inspired by those who miss the reprisals of prosecutorial organs—I do not know what they are called in Russia now, previously it was very concise, the KGB—in order to say, THE PEOPLE DEMAND AN INVESTIGATION AND BLOOD.

The article sustains the best traditions of the narrative genre of these organs—a whole pile of documents is presented. After all, the people were educated to believe the communist party and sheets of paper.

I can comment on each of the mentioned papers, but I think it is stupid to justify oneself. However, I promised LITERATURNAYA GAZETA to continue the story about Istok. Therefore, I will cite the following facts for the independent conclusions of the readers.

Thus, there are two periods of activity of my former firm Istok. Up to the program "Urozhay-90" (to the end of March 1991) and in the process of fulfilling the program (from April to November of 1991). There is a document about my departure from Istok and the corresponding order on the transfer of authority to Tretyak, my deputy, which is dated 5 April 1991. That is, it should be apparent to everyone. From the moment of the appearance of a license for the dispatch of commodities and the beginning of the program "Urozhay-90"—from April 1991—I did not participate in its implementation. Especially since I could not do this because I left France in 1991 and did not go there again. It was then, in April, that my authorizing signature was removed from accounts of Istok in the foreign bank.

Therefore, I have every reason to call the program wild and to mention that at least 15 organizations, both governmental and nongovernmental, took part in it.

My personal participation in the program "Urozhay-90" thus consisted of the actual compilation of papers and efforts to organize the future implementation of this program to its beginning, in the period from November of 1991 to the end of January 1992 (compare this with the dates of the documents cited in NEZAVISIMAYA GAZETA).

I know that of 15 organizations, Istok was recognized as the best in the course of implementing this program, since it conducted an operation in the sum of more than \$52 million, importing commodities. There are also papers—for example, the gratitude of Krasnodarskiy Kray for the delivery of cheap imported commodities for the collective farmers, which ensured their annual requirement in trade.

I am sincerely sorry for the Istok employees who implemented this program, because they did not receive credits (they took them themselves in banks, and they repaid them themselves) or help from the railroad, and nothing else. The ports simply scoffed at the Russian paper money, inasmuch as these were Ukrainian and Lithuanian ports.

It would be appropriate to remind the author of the article that it was the time of Gorbachev-Pavlov, and there was a desire to discredit the government of Silayev and to get rid of Yeltsin.

Well, and lastly—about the millions of dollars. They came to the Istok account before the program and during the program. But, as is known, the profit is generated at the end of the year. If it was fated for me to work only three months in a year, can I be answerable for capital that was received, inasmuch as I never did even see billings from the bank, and I cannot see them even now? But at the beginning of the year there was \$9 million in capital, as is known by documents, frozen by Pavlov in the Istok account in the USSR in order with the usual clear longing to find something against the democrats and entrepreneurs.

Railway Ministry Foreign Contacts Viewed

924A1068A Moscow GUDOK in Russian 24 Apr 92 p 3

[Interview with I. Kharlonovich, former head of the Scientific-Technical Main Administration of the Ministry of Railways, by L. Shigokov: "There Is Something To Learn"]

[Text] Japan is called the Country of the Rising Sun. The name, obviously, is somewhat outdated, and, in any case, it is no secret to anyone that from the standpoint of economics, the Japanese light has ascended quite high already, if it is not already at its zenith.

As we know, transport plays a sizable, if not the decisive role in any economic system. It is not surprising, therefore, that the railroads rank among Japan's numerous wonders. The whole world admires their high-speed express-liners. In our country, people regard the advertising brochures from there as pictures from a beautiful, but infinitely far-off future.

True, the situation has changed a great deal recently. A real possibility has appeared of seeing with one's own eyes and trying to understand the technology of the "miracles," and of speaking and even working with these amazing people—the Japanese.

Even the problem of the Kuril Islands, which complicates the normal political relations between the two great powers, has not prevented the railroad workers of the two countries from beginning mutually profitable collaboration.

In December 1990, a delegation of Japanese business groups, which included Mr. Yamashita, president of the East Japan [Railway] Company, and in January 1991, a delegation headed by Mr. Yeshida, chief of the Freight Transport Department of the Japanese Ministry of Transport, visited our country. The delegations became acquainted with the work of our railroads and expressed a desire for collaboration. Then, in April 1991, a delegation of the MPS [Ministry of Railways] paid a return visit. As a result of these meetings, just recently, on 10 March of this year, the first session was held of a work group of experts on cooperation between Russia and Japan in the sphere of railroad transport.

We asked I. Kharlonovich, who headed the Scientific-Technical Main Administration at the time of the trip, to comment on the results of the meeting.

[Kharlonovich] This is, of course, the main result of the work of our delegation: an agreement has been concluded between the MPS and the Japanese Ministry of Transport on economic and scientific-technical cooperation. This primarily pertains to increasing freight transport and organizing joint passenger transport on the Transsib.

This cooperation is advantageous for both the Japanese and for us. Take container transport. Until recently, Japan transported freight to Europe in its own containers, mainly by sea. That is, it took almost 30 days for delivery. Transporting the same freight by Russian railroads takes only 15 days. Consequently, the commodity turnover for the Japanese is accelerated two-fold. We have now offered to use our containers for this.

This is very profitable for us. We can kill two birds with one stone. In the first place, we will gain the possibility of using our own containers, which conform to international standards. Now they will yield a profit. In the second place, we are acquiring a reliable client, who pays for our services in convertible currency. Under the conditions of the drop in the transport volume, this client could not have come at a more opportune time.

In addition, the private railroad companies of Japan have signed an agreement with us for gratuitous supply of passenger cars, and of locomotives in the future, for Sakhalin.

Within the framework of this agreement, we have already received 28 diesel cars (light railcars), and are testing the OKhAFU-50 passenger car, which was offered to us free of charge, on the Sakhalin Railroad.

Unfortunately, we had to refuse 200 freight cars, because of the great structural differences. Their brake systems and automatic couplers can not be joined to our rolling stock.

[Shigokov] Everything is clear about the rolling stock. What can cooperation with the Japanese, though, do for us with respect to improving the state of the tracks?

[Kharlonovich] Here is just a small example. A trip on a high-speed mainline was one of the high points of our program of becoming familiar with Japan's railroads. The parlor car in which we were riding had speedometers mounted on the rear walls. Before departure, we and our comrades decided to make an experiment. We placed a cigarette on the little table between the seats. The train started up, and began to pick up speed. The cigarette remained there. It fell off only when the speed reached 140 kilometers an hour.

This, of course, indicates the skill of the engineer and the running qualities of the rolling stock. Above all, though, it characterizes the state of the track. For the time being we can only dream of this.

In some ways, though, it is even now becoming a reality. A contract will be concluded with the Nippon firm on supplying rails to the Far Eastern region. In addition to their excellent "running qualities," Japanese rails have greater durability. While our best examples ensure the throughput of up to 1 billion tonnes of freight per kilometer, and series models—only 500-700 million tonnes, metal fatigue strikes analogous Japanese rails only after a throughput of 1.5 billion tonnes of freight.

[Shigokov] By the way, about the high-speed mainlines. Their development has finally begun in our country. Tell us what collaboration with the Japanese can give us in this sphere?

[Kharlonovich] The main thing is that we can draw information from this collaboration. Information is worth more than gold and bread right now.

The design for high-speed railroad transport that we have drawn up requires a large investment of capital. On the one hand, it is difficult for private firms to take on the job of contributing to the financing of this project, but on the other hand—they can give invaluable advice and recommendations on the technical problems of construction, and later on, on the operation of these roads.

[Shigokov] How will collaboration with Japan affect the Far Eastern region?

[Kharlonovich] This collaboration will lead to the development of the entire infrastructure of the Far East. From the standpoint of private Japanese companies, the development of this region could become a profitable investment of capital. For us, the railroad workers, it could turn into modernizing, rebuilding and building stations, and updating and technically improving the condition of the track and the rolling stock.

In addition, there are great potentials in the Far East and in the Transbaikalian area for the development of tourism. The interest is mutual—for the Japanese this is an opportunity to see a very beautiful land, formerly closed to tourists, and for us—a real chance to obtain currency.

Enlivening the business activity in these regions will lead to increasing the transport volumes and completing the construction work on BAM.

[Shigokov] The number of business trips abroad is now increasing. Private individuals, and commercial representatives and ministerial delegations are traveling. We are, essentially, included in the world information system. What can be done to keep the experience gained on these trips from settling somewhere in private archives, and to let it start "working" for the whole country?

[Kharlonovich] Yes, there is a great deal of travel. At least ten delegations from the MPS alone visited the United States in the last few years. There is no doubt that they learned a great deal that was new there, and certainly did fairly good work. What do the rank-and-file engineers and workers know about this, though? Nothing.

And literally, one trip made to Japan by a GUDOK special correspondent did more to popularize this very important world experience than the ten delegations to America.

That is why I would like to make it compulsory for the mass information media to give press coverage of these visits. After all, even the most elementary knowledge of a reduction in operating expenses, of methods of intensifying labor and ways of obtaining the maximum proceeds from transport can prove to be invaluable. Moreover, it is important that this information is not possessed by just a handful of specialists, but is put to use by any railroad worker, from the chief of a railroad to a maintenance man.

At the last meeting, the Russian MPS delegation, together with Lennauchfilm, proposed that the Japanese side make a scientific-publicity film, "The Railroads of Japan—Through the Eyes of Russian Railroad Specialists." The Japanese delegation approved the MPS proposal in principle, and will inform us of its decision.

An analysis of the activity of private railroad companies in the three-year period of reorganization showed that

the railroads had gone from being enterprises operating at a loss to being profitable. How, and with what resources the Japanese achieved this, and whether something from their wealth of experience could be put to use in our country now—this is the super-task of this film.

Locomotives To Test 'Black Box' Equipment

924A1068B Moscow TRUD in Russian 25 Apr 92 p 4

[TRUD reply to a letter from O. Bakhreyev, Kazan: "A 'Black Box' for a Locomotive"]

[Text] I heard that the MPS [Ministry of Railways] intends to introduce the so-called "black box" on the railroad. Is this true?

The answer was obtained at the Kosmicheskii Instrument-Making Scientific Production Association.

The storage module, or, in simple terms, the "black box," is indeed being developed by order of the MPS. The recent catastrophe on the October Railroad, which took the lives of 41 passengers, has once more confirmed the need to develop this type of module—after all, the conclusions on the reasons for a catastrophe on the railroad are often based on assumptions and circumstantial evidence, and not on a documented basis. The storage module, which is impervious to fire and collisions, is installed in the locomotive, and five parameters are set: the movement of the train on each meter of track, the time and the speed, the pressure on the main brake line, the signal light of the color light signal. All the indicators are stored in the computer memory and can be reproduced when necessary.

An experimental model of the instrument is to be tested this summer, on a section of the railroad on the Kiev route. On the basis of any amendments made, the manufacturers (Izhevsk Radio Plant Production Association) will begin series production of the "black boxes" for the railroad at the beginning of next year.

Railroad Spare Parts' Problems Highlighted

924A1062A Moscow GUDOK in Russian 16 Apr 92 p 2

[Interview with Yu.G. Frolov, chief of administration of the state enterprise "Roszheldorsnab" by V. Peremyshlev: "In the Grip of the Shortage"]

[Text] This is precisely how operations' employees describe the shortage of spare parts now. And while we were coming out of the situation until recently, the problem of spare parts has become very critical now; the rolling stock has become completely dilapidated and we do not have the funds to replace it with new equipment because of the high prices, and we must patch up and repatch what we have. So how do we extricate ourselves from this situation? I put this question to Yuriy Grigoryevich Frolov, the chief of administration of the state enterprise "Roszheldorsnab" [Russian railroad supply].

[Frolov] From my point of view, we may be short of spare parts if less than we need are produced, if apparently enough are manufactured, but because of excessive running time or an unjustifiably large number are used up because repairs are performed late or in violation of procedure, or finally, if assemblies and parts from railcars and locomotives that have been written off are not reused.

[Peremyshlev] Then, let us start with the primary cause. Especially as this important item for railroad transport is being produced at repair plants in our sector.

[Frolov] If we are speaking about the primary cause, the production of spare parts is suffering chiefly from deterioration and disruption of the previous ties with industrial enterprises which are drastically reducing the deliveries of metal and raw material. Barter is required for everything. But what can we offer?

Because of this, the Magnitogorsk Metallurgical Combine is not providing us with enough steel strip for the production of brake shoes. Because the necessary components are lacking, the Izhevsk plant is not delivering the rolled metal needed to make parts for an automatic coupler. A conclusion inevitably comes to mind: we must change over to new ties with the same metallurgical enterprises. Some of them which are experiencing the critical shortage of metal scrap are prepared to provide those who deliver it under contract with rolled metal (they have been given this right). It appears that under market conditions our railroads will have to reject intervention by the Vtorchermet [State Trust for the Procurement and Processing of Secondary Ferrous Metals] which disposes of metal scrap at its discretion, without taking the interests of railroad transport into account. But in order to refuse the services of a middleman, we have to organize the work properly for ourselves.

Last year 60,000 of our railcars were written off. Many depots take away some of the assemblies and parts to use in repairs when the cars are taken apart. But when I was at the Magnitogorsk combine, I looked especially at the section where metal scrap is cut. And I saw many parts which could be restored under plant conditions. In my view, it is time we set up special centers for groups of railroads which would be responsible for collecting and renovating assemblies and parts which are still fit for use.

[Peremyshlev] Especially for imported equipment. There is probably no less demand for them.

[Frolov] That is a separate important question. We buy spare parts for both passenger and refrigerator cars in Germany every year for \$40 million. We purchase them in Czechoslovakia for electric and diesel locomotives. We buy a few of them in Hungary for diesel trains. We need not mention that this is both expensive and not very sensible.

We have carried out a great deal of preparatory work for a different solution to this problem—we divided all our

imported spare parts into groups. The first group includes the items we will be forced to purchase in the future as well—diesel cylinder blocks, crankshafts, traction engines, and so forth. Parts which are similar are in the second group. The main administrations and design bureaus will help in searching for them. Finally, parts in the third group are those which we could develop for ourselves. And it makes sense to allocate part of the money used to purchase rolling stock and spare parts to acquire the technology and the necessary equipment. Incidentally, 106 million German marks were allocated for these purposes in 1992.

We talked with a number of manufacturing plants and depots, especially those working on the repair of refrigerator cars. We will be sending them the necessary industrial equipment on a contract basis.

In this connection, I cannot help but mention the Plant imeni Voytovich in the capital. For many years we purchased rolling stock and spare parts, but this well-equipped enterprise failed to organize production of even the simplest parts. Its managers only raised the question before higher organizations. Now it is not enough to simply raise questions—the economy does not permit it, and there is no foreign exchange. We must do something ourselves.

[Peremyshlev] Be that as it may, there are no reserves of spare parts, and they have become so expensive that some depots have been postponing repairs and are continuing to operate equipment until it stops, as they say.

[Frolov] I agree. And not only as a supplier. I recall the 1975-1978 period when they postponed the repair of diesel locomotives in the system (I was the chief of a locomotive depot at that time), and tremendous efforts were required to stabilize the status of the locomotive fleet later on.

Yes, and even now we can hold out without repair for a certain amount of time. But when we defer this we accumulate malfunctions. A wornout part wrecks the parts connected with it. There is an avalanche-like increase in breakdowns and rolling stock reliability deteriorates.

All this can be avoided if railroads are solvent. But they have owed the former central base of the MPS [Ministry of Railways] (now the Lyublinskiy enterprise "Spetszheldorsnab") R20 million for those same spare parts. The suppliers, in turn, cannot pay the manufacturing plants, which discontinue shipping their products and cut back production. A vicious circle. Spare parts valued roughly at R1 billion will not be delivered to the railroads for this reason.

[Peremyshlev] The Moscow Railroad is still holding out. I think.

[Frolov] Payment for spare parts is a priority there. Unlike the Sverdlovsk or Gorkiy lines, let us say, where

they purchase everything at once for future use and have no money left for spare parts. In addition, certain main administrations have little interest in economy. They have been carried away by modernization, in my view. As an example, the railcar workers planned to replace 400,000 No. 292 air distributors with No. 483 distributors. The latter is better, of course: it was awarded a gold medal at an international competition in Australia. But it costs R30,000! Multiply this by 400,000 and what do you have? But the other model is not bad, either. So perhaps they should wait for a year or 18 months for a complete replacement.

We do not have to buy everything. A great deal can be repaired under depot conditions and money can be saved this way. Those same engineer's cranes, traction engines, and generators. And we will supply the parts needed. But they often send wheel pairs to the plants just to replace an axle bearing, you know. Is this really hard to do at a depot?

We need to introduce the latest technologies to restore parts more boldly and make use of available resources in a thrifty manner. A small example: the Kuybyshev Railroad has "bombarded" us with requests for spare parts for an automatic coupling, but offers no guarantees of payment, while it owes R40 million to the Lyublinskiy enterprise and repair plants. Is this really acting like a good partner? And at the same time, it is not introducing the tested methods for making parts more durable.

We must change the old psychology, where everyone from a mechanic to the chief of a railroad acted in accordance with the principle: "Ask for more spare parts and they will give you more." Now you do not ask, you will have to buy. Of if you cannot afford it, you restore it or manufacture it yourself.

[Peremyshlev] Yes, the market dictates its own rules. I have a question in this regard: the "Roszheldorsnab" is a state cost accounting enterprise, that is, a commercial structure, and it is a main administration of the Ministry of Railways at the same time. On the one hand, it is interested in working in accordance with the principle of "profitable or unprofitable," and on the other hand, it is responsible for providing the sector with everything it needs. How do you manage to combine these?

[Frolov] Economic gain is the first condition of our work. But there is one fine point. We are sending roughly 40,000 spare part descriptions to the railroads for R12 billion. Only about 2,000 of them (just 5 percent) provide us with income. This is the same relationship that Western firms have, incidentally.

The profitable spare parts are those that wear out irreversibly: brake drums, bearing raceways, bearings, brushes, and the like. For this reason, when we arrange matters with the manufacturing plants, we may say that we haggle to the end on this very group of parts and assemblies. After all, it is to the plant's advantage to raise prices for them. But we have to see that these and others are delivered.

It is easier to bargain when there is competition between plants. As an example, we ordered a turbocompressor for a diesel in Czechoslovakia. Our old supplier—the Kolomna plant, as well as the Voronezh Aircraft Plant—undertook to provide it as well. It managed to knock down the initial price by 40 percent! A metallurgical plant undertook to produce brake drums for a locomotive, which compelled the Voronezh Locomotive Repair Plant, which had raised its price to R700, to reduce it.

[Peremyshev] I have heard that you intend to keep a broker on the transport exchange. Will you be selling spare parts?

[Frolov] A broker will be needed for other purposes. But we are dreaming about a "trading house" here. It differs little from an exchange, but both the producers and consumers of spare parts could be brought together here. To restore some of the economic ties that were broken and to find outlets through it to the economy ministries and resources of the CIS countries. The production of spare parts and assemblies would be determined not only by the price, but by certain agreements as well.

[Peremyshev] I liken this to the woman who understood what a steam engine was, except for one minor detail: it was unclear on which side the horses would be harnessed. Is this the way we will be with spare parts in 1992?

[Frolov] The number of spare parts ordered under contracts will be no less than last year. There will be even more for certain items. How the contracts will be fulfilled depends to a large extent on the availability of raw material. And the main condition is solvency, all the same.

A paradoxical situation has developed: the plants are offering us spare parts, but we are refusing them—we are not completely confident that they will be paid for. The plants are sending their products to us, although we have put them on notice that there is nothing to pay them with at present. They are sending their products in the hope that we will pay them anyway.

But I will say once again: I see a large reserve in a change in the psychology of our approach to spare parts—from a consumption approach to one that is thrifty and economically justified.

Petroleum Prices Highlighted

924A1066A Moscow DELOVOY MIR in Russian
No 77, 21 Apr 92 p 7

[Article by Yelena Panyushkina and Oksana Polukhina: "April False Start"]

[Text] The Russian Government's announced decision to liberalize prices for crude oil and petroleum products has left no one indifferent. The oilfield workers accepted this news with satisfaction, although even they did not fail to point out in advance the great delay in adopting

these measures. The state price for crude, which was set at 350 rubles [R] per tonne, not only does not bring a profit but it does not even cover the prime operating costs for recovering the oil. According to the experts' assessments, today the recovery of one tonne of crude costs R750. Taking galloping inflation into account, by the end of the year the prime cost of crude will increase to at least R3,000.

The situation with regard to conversion to free prices for crude and petroleum product has literally taken shape dramatically. At the end of February Andrey Nechayev, RF [Russian Federation] Minister of Economics, announced that the Russian Government was examining an option for converting by the end of April to free prices for crude oil and petroleum product and that the increase in prices would not be too high. According to assurances from government circles, on the whole prices can double during the second quarter of this year. However, to convert to free prices on 1 April, Russia stirred up a squall of indignation by the former republics of the Soviet Union that rained down on it. Fearing, not without a basis, that the socio-economic earthquakes caused by the fuel-and-power crisis in the CIS countries could also sweep over Russia, the republic's government abolished implementation of this measure. Hypothetically, prices for crude will rise in June to R2,000-R2,600, which is about 25 percent of the world price. The probability that internal prices for crude will be brought up to world levels in the near future are quite low.

A truly paradoxical situation has taken shape in Russia with regard to domestic prices: several prices for the very same type of raw material—crude oil—exist here today. In addition to the state price for oil, there are several market prices. Oil without a license costs R2,000-R2,500 at the exchange, oil with an export license to CIS republics costs R5,000-R6,000. And, finally, the cost of crude that is licensed for export outside the CIS sells at the exchanges for R8,000-R10,000.

At the very end of March a real hope for regularizing the system for issuing export licenses appeared, inasmuch as the Russian MVES [Ministry of Foreign Economic Relations] finally worked out a procedure for issuing and selling certificates for exporting commodities. In accordance with Decree No 90, Russia's main export commodities are divided into two groups. The first includes crude oil, gas, lumber, metals, and chemicals. Export quotas for commodities of this group will be issued by the appropriate ministries to manufacturing enterprises or to the MVES, with the right to resell them. Export quotas for commodities of the second group, which includes mixes of processed petroleum product, are subject to direct sale through auctions.

The Russian Government adopted Decree No 93 of 17 February, which established the amounts of crude and petroleum product that are authorized for sale at market prices higher than were established previously. In all probability, this step by the government was occasioned by a number of factors, among which were the crisis

situation in the oil-recovering and oil-refining branches (backward equipment, 70 percent of which is obsolete in some cases, the depletion of developed wells, the industry's generally difficult financial position, and the failure to solve social problems), as well as the hope of augmenting the State Budget of Russia through taxes from selling large amounts of crude oil and petroleum product at free prices.

From now on, recovering and refining enterprises are getting the right to sell up to 40 percent of their output at free prices (instead of the previous 20 percent). In kind, this is about 120-130 million tonnes. Let us note that the enterprises will be able to deliver to the free market only after they have fulfilled all their contracts for deliveries of output to the former Union republics.

As the experts consider, about half of the crude and petroleum product authorized for free sale will pass through the exchanges, the rest will be sold through intermediaries, as well as by the enterprises themselves in bartering. There is an opinion that consignments of crude that possess an export license practically will not get into the exchanges, since demand greatly exceeds what is offered.

It is interesting to note that a Yeltsin order, which was adopted in a package with Decree No 93, grants organs of executive authority around the country the right to purchase up to 10 percent of the recovered crude and petroleum product at state prices, in order to form regional funds for social and economic development. Of this amount, these organs will be able to realize up to 40 percent in the domestic market at free prices, depositing the proceeds into local budgets.

In March the market for crude oil, which was offered for sale at a much greater number of exchanges than in previous months, was somewhat more vigorous than in February. It was offered at the MTB [Moscow Commodities Exchange], MNB [Moscow Petroleum Exchange], RTSB [Russian Commodities and Raw-Materials Exchange], NNB [Novosibirsk Petroleum Exchange], STSB [Siberian Commodities and Raw-Materials Exchange], TTFB [expansion not given], and the Germes TMB [physical commodity exchange] and Planeta PTUB [expansion not given], as well as at UUSB [expansion not given] and KTFB [expansion not given]. The offer prices fluctuated within a fairly broad range—from R2,250 per tonne at RTSB to R14,000 per tonne at MNB and NNB.

Crude Oil (Offering)

Exchange	Price offered, rubles/tonne
MTB	2,816-6,000
MNB	2,816-14,000
RTSB	2,250-7,000
NNB	3,000-14,000
STSB	4,000-9,000
TTFB	4,000
Germes TMB	3,000-10,000
Planeta PTUB	3,800-4,500
KTFB	3,100
UUSB	5,000-5,500

Crude with a license for export outside the CIS stood out at prices of R10,000-R14,000 rubles per tonne. The average offering price for crude oil in March was R3,729 per tonne, and the maximum offering price for crude without a license was R5,500 per tonne. The minimum offering price was reduced somewhat in comparison with February (from R3,000 to R2,250 per tonne), and the maximum price for crude without a license rose a little—from R5,120 to R5,500 per tonne.

Consignments averaging mainly 10,000 to 100,000 tons predominated in March. Their share was about 60 percent of the applications per sale. The arithmetical-average consignment of crude oil offered at the exchanges in March was 54,314 tonnes. Two consignments of minimum size of 200 tonnes each by TFB Saint Petersburg and at the Samarkand Exchange stood out. The maximum consignment of crude—500,000 tonnes—was offered (and then it was sold) at the Khimneft Exchange.

Volume of Crude Oil Consignments (Offered)

Size of consignment	Share in total number of offers, %
Less than 1,000 tonnes	3
From 1,000 to 10,000 tonnes	11.5
From 10,000 to 100,000 tonnes	61.5
100,000 tonnes or more	23

In describing exchange transactions for crude oil, we take note of a certain increase in the tonnage of the sales in comparison with February, from 180,000 to 1,225,000 tonnes. The cost values of the sales rose correspondingly from R697,032,000 in February to 4,799,700,000 in March. The most active participants in crude-oil trade

proved to be the Planeta PTUB and the Khimneft Exchange. In March transactions at these exchanges for the sale of crude oil were registered in the amounts of

R1,754,350,000 and R1,575,000,000. A record-breaking transaction for this month occurred at the Khimneft Exchange—500,000 tonnes of crude were sold.

Crude-Oil Transactions at Russian Exchanges

Exchange	Volume, 1,000 t.	% of total volume	Sums of deals (R1,000,000)	% of total sum of deals concluded
MNB	170	13.9	553.35	11.5
PTUB	360	29.4	1,754.35	36.6
RTSB	50	4.1	112.5	2.3
Khimneft	500	40.8	1,575	32.8
NNB & STSB	145	11.8	804.5	16.8
Total	1,225	100	4,799.7	100

The prices of the transactions for crude, as well the prices of the offer, fluctuated within wide ranges—from R2,250 per tonne at RTSB to R10,100 per tonne at NNB and STSB. The average price per transaction was somewhat higher (by 5 percent) than the average offering price for crude—R3,918 per tonne.

The average price per transaction at the various exchanges also varied greatly from the overall average

computed for all the exchanges being examined—from R2,250 per tonne at RTSB to R5,548 at NNB and STSB. In so doing, the average price per crude-oil transaction at MNB and RTSB and at the Khimneft Exchange was lower than the average price for crude at all exchanges, while at PTUB, STSB and NNB it was much higher (by 41 percent). As in February, NNB and STSB were still the leaders in price per transaction for this type of energy carrier.

Exchange	Av. price	% of deviation	Min. price	% of deviation	Max. price	% of deviation
MNB	3,255	-17	3,255	+44.7	3,255	-67.8
PTUB	4,873	+24	3,200	+42	4,500	-69
RTSB	2,250	-43	2,250	0	2,250	-78
Khimneft	3,150	-20	3,150	+40	3,150	-69
NNB & STSB	5,548	+41	3,500	+56	10,100	0
All exchanges examined	3,918	-	2,250	-	10,100	-

A substantial increase in sales volume of mazut can be seen in March. As usual, the predominant amount of this product was sold at such large exchanges as the Russian TSB (38,000 tonnes) and the Moscow TB (22,000 tonnes), as well as at the Interrepublican Commodities and Raw-Materials Exchange [MUTB] and the Rosagro Exchange (20,000 tonnes each). But the biggest transactions in terms of volume went on at the Chemicals Exchange, where 100,000 tonnes of mazut were realized.

A certain increase in sales volume of grade A-92.93 gasoline at such exchanges as the RTSB (1,980 tonnes) and the MTB (5,950 tonnes) also were noted. Sales of A-76 gasoline fell at the MUTB (altogether 150 tonnes were sold in March) and the Asiatic Exchange (490 tonnes). About the same amount of diesel fuel was sold in March as in February.

The rise in prices for A-76 gasoline continues at the usual pace—about 20 percent per month. March was no exception—the price of R3,649 per tonne for February was raised to R4,608 per tonne. But the average price for grade A-92.93 gasoline almost doubled, from R4,227 to

R8,334 per tonne. The prices for mazut increased by almost half (from R924 to R1,475 per tonne). But the price of diesel fuel remained practically unchanged, increasing 3.1 percent (from R3,467 to R3,574 per tonne).

Price Dynamics for the Month

Product	Average price		Price change, %
	Feb	March	
Gasoline, A-76	3,649	4,608	126.3
Gasoline, A-92.93	4,227	8,334	197.2
Mazut	924	1,475	159.6
Diesel fuel	3,467	3,574	103.1

Such large Moscow exchanges as the RTSB and the MTB were the undisputed leaders in sales of commodities of the energy-carrier group, in terms of both tonnage and cost. The main quantities of refined petroleum product sold at them were:

Gasoline, A-76	RTSB	-23,260 tonnes
	MTB	-19,942 tonnes
Gasoline, A-92 93	RTSB	-1,980 tonnes
	MTB	-3,950 tonnes

As was noted, large consignments of mazut were sold at the Chemicals Exchange (more than 100,000 tonnes). The Moscow Petroleum Exchange traded diesel fuel

successfully during March (17,575 tonnes were sold). But, as in past months, the average price of sales at this exchange was one of the lowest. Average prices for grade A-76 gasoline were highest at the Russian Commodities and Raw-materials Exchange (R5,373 per tonne), for mazut at the Kaliningrad TFB and Interrepublican Universal Commodities Exchange (MUTB) (R2,000 and R1,890 per tonne, respectively), and for diesel fuel at the Moscow Commodities Exchange (R6,247 per tonne).

Commodity, Exchange	Sales volume, t.Tc% of total sales volume	Sum of deals, R1,000,000	% of total sum of deals	Sale price (av., R)	% deviation from av. price	
Gasoline, A-76						
RTSB	19,942	43.1	10.715	9.2	5,373	+16.6
MNB	3,090	6.7	11.736	10.1	3,738	-18.9
MTB	23,260	50.2	93.831	80.7	4,034	-12.5
Total	46,292	100	116.282	100	4,608	
Gasoline, A-92 93						
RTSB	5,950	71.9	53.450	79.2	8,983	+7.8
MTB	1,980	23.9	11.121	16.4	5,162	-38.1
Kaliningrad TFB	108	1.3	0.648	0.9	6,000	-32.8
PTB	240	2.9	2.340	3.5	9,750	+17.0
Total	8,278	100	67.558	100	8,334	
Mazut						
RTSB	38,000	16.8	41.850	11.8	1,195	-19.0
MTB	22,000	9.8	69.400	19.7	3,154	+21.4
MUTB	20,000	8.8	37.800	10.7	1,890	+28.1
MNB	11,180	4.9	9.180	2.6	887	-39.9
Khimneft	10,000	4.4	13.000	3.6	1,300	-11.9
Chem. Ex.	100,000	44.3	143.250	40.4	1,438	-2.5
Rosagro	20,000	8.8	30.000	8.4	1,500	+1.7
Kaliningrad TFB	5,000	2.2	10.000	2.8	2,000	+35.6
Total	226,180	100	354.480	100	1,475	
Diesel fuel						
RTSB	14,321	31.1	60.483	32.5	4,064	+13.7
MTB	8,750	19.0	54.664	29.3	6,247	+74.8
MNB	17,575	38.2	50.695	27.2	2,645	-26.0
Planeta	5,400	11.7	20.520	11.0	3,800	+6.3
Total	46,046	100	186.362	100	3,574	

Coal Corporation President on Energy Policy, Miners' Demands

924A1040A Moscow *RABOCHAYA TRIBUNA*
in Russian 28 Apr 92 pp 1-2

[Interview with Valeriy Zaydenvarg, president of the Ugol Rossii Corporation, by Viktor Andryanov; place and date not given: "Without Heat and Light"]

[Text] Everywhere people talk and write about the coming energy crisis. What does the country need from miners

and what do miners need from the country so that the crisis may bypass it?

Our talk with Valeriy Zaydenvarg, president of the Ugol Rossii Corporation, began with this question.

[Zaydenvarg] Well, first, about the crisis. Is it really standing on the threshold? In the Far East it has already crossed the threshold of the home. People died there in winter. Plants operated according to a strict schedule—2 or 3 days a week.

Owing to the shortage of capital investments and disruptions in construction, last year coal mining capacities decreased by 19.2 million tonnes. New mines have not been commissioned for many years in succession. In brief, if we are not to hide from reality, we must admit: The threat of an energy crisis is growing.

True, in the last few months the rates of decline in production in the sector have slowed down—2.1 percent in the first quarter instead of the previous 11. The coal industry alone has allowed, on the whole, such a small slump.

[Andryanov] Previously, you prided yourselves on your increases.

[Zaydenvarg] Now even such figures inspire optimism, especially against the background of the avalanche-like slump in the economy. With respect to coking coal we even preserved last year's level. We delivered the state order and what we promised in excess of it—almost about 3 million tonnes. Coal reserves at metallurgical plants have increased.

[Andryanov] Miners promised coal and the government, currency. A total of 40 percent of the earned sum was allocated for general sectorial needs: the purchase of spare parts, materials, and chemical components. I hope that the other party also kept its word?

[Zaydenvarg] No, only miners kept their word.

This is from the letter addressed to Ye. Gaydar, first deputy chairman of the Government of the Russian Federation:

"... the presentation of resources of coking coal and the conclusion of contracts for their delivery are held back by the nonfulfillment by the Ministry of Trade and Material Resources of the Russian Federation and the Ministry of Finance of the Russian Federation of the regulation No 185r dated 23 December 1991 concerning the provision of currency for purchases of materials, equipment, spare parts, and food through import.

"A further delay in the payment in the first quarter for the concluded contracts... will result in the shutdown of mines and destabilization of the operation of coal machine building plants, as well as undermine confidence in the decision adopted by the government."

The letter of the corporation's president is dated 11 March 1992. Yegor Timurovich Gaydar promptly imposed his resolution:

"Comrade Golovaty, the Ministry of Finance of the Russian Federation,

"Comrade Vozhagov, the Ministry of Trade and Material Resources of the Russian Federation,

"Comrade Aven, Russia's International Bank for Economic Cooperation,

"I ask that, jointly with Russia's Foreign Trade Bank, you examine and take urgent measures to ensure the fulfillment of the government regulation No 185r dated 23 December 1991 concerning the payment for contracts."

We met with Valeriy Yevgenyevich in the middle of April.

[Andryanov] Did Gaydar's directive work?

Valeriy Zaydenvarg spread his hands expressively

[Zaydenvarg] In the meanwhile, the decision must be fulfilled nevertheless. And, of course, not because miners want to receive some advantages over other sectors. This is needed in order to stabilize the entire economy. After all, basic sectors—coal, petroleum, and metal—are its foundation.

[Andryanov] Valeriy Yevgenyevich, how much coal does Russia need in order not to freeze and not to shut down plants and factories?

[Zaydenvarg] According to estimates, about 350 million tonnes.

Most of all, there is a coal shortage in the agro-industrial complex and for municipal and everyday needs. This is very big trouble. It can be avoided only through an increase in production volumes. As I have already said, the first quarter instilled hope in us. Now, however, everything is becoming aggravated again.

[Andryanov] And so, let us proceed to the second half of our talk. What do miners expect from the country?

[Zaydenvarg] Before answering this question, we must give the reader at least the most general idea of our sector. Two out of three enterprises need to be reconstructed. The social sphere is neglected. More than 90 percent of the coal enterprises are unprofitable.

[Andryanov] Miners are often accused of pulling the blanket only over themselves.

[Zaydenvarg] A person who has been in a mine even once in his lifetime will never say this. We must not forget how difficult working conditions are and how dangerous it is to work there.

The government has met miners halfway by signing wage rate agreements. Yes, they have also led to some negative consequences, but, on the whole, they have stabilized the situation in mines.

[Andreyev] Valeriy Yevgenyevich, the All-Russian Conference of Coal Industry Workers was held in Novokuznetsk recently. What was the chief thing there?

[Zaydenvarg] A brief answer is contained in the agenda itself: "On Key Matters of Development of the Coal Industry."

[Andreyev] What kind of matters are these?

[Zaydenvarg] Price liberalization. The conference, in which managers, specialists, and workers of enterprises of the Ministry of Fuel and Energy and of Russia's other ministries and departments, as well as representatives of trade-union and public organizations, participated, came out for a stage-by-stage program for price liberalization. Our position found the support of the public, the Congress of People's Deputies, and now the government as well.

We are for a stage-by-stage rise in prices and for a serious study of the consequences of this rise. It is impossible to adopt such decisions without a thought-out program. But the government was in a big rush to change over to free prices. However, with such sectors as the coal sector unprepared experiments are very dangerous.

Participants in the conference in Novokuznetsk proposed the introduction as of 1 May 1992 of state regulated wholesale prices of coal. According to general opinion, they should be raised to the level covering the expenditures connected with the rise in prices of products consumed by the sector and with the realization of the sectoral wage rate agreement. They should be differentiated in terms of coal basins and regions with the allocation of the necessary funds from the state budget for financing unprofitable and insufficiently profitable enterprises and facilities of the infrastructure.

Advocates of an immediate introduction of free coal prices believed that the sector would be able to independently solve its socioeconomic and financial problems and the state budget would be relieved of the heavy burden of subsidies. But this is not so. This plan did not take into account the real situation in the coal industry and did not leave time for the preparation for such radical reform.

As a result, almost every second enterprise could have been under the threat of a shutdown. About 160,000 workers would have been thrown out on the street. Fuel output would have dropped sharply—by 60 million tonnes. As we see, it is not only a matter of the sector's affairs, but of the fate of the national economy and society.

A sharp—5- to 15-fold—rise in prices of coal and, consequently, of products of allied sectors, as well as of consumer goods and food, is another consequence of hasty liberalization.

[Andreyev] Nevertheless, sooner or later miners will also have to change over to free prices.

[Zaydenvarg] Of course, they will. At first, however, it is necessary to envisage measures for social protection for those who will remain outside the checkpoints of mines, to develop a mechanism of withdrawal and redistribution of the superprofit resulting from the differences in the mining and geological conditions and technical level of mines and open-pits, and to finally place the social infrastructure of mining regions under the authority of local bodies of power. After all, all housing, clubs, and

kindergartens are now maintained even in regions where production was curtailed a long time ago.

It is necessary to give metal, pipes, and equipment to mines. How can they operate if all deliveries are disrupted?

However, April is coming to an end and, as before, there are no changes. If a disruption occurs in the sector now, it will not be possible to make up for it. And we will approach winter unprepared. I do not intend to frighten anyone. I want to openly warn about the coming danger and about possible catastrophic consequences for entire regions. I want everyone, on whom decisions depend, to sense the alarm.

[Andreyev] There are many disputes about privatization in mines, as everywhere in labor collectives.

[Zaydenvarg] Yes, the attitude toward property worries everyone. The desire of collectives to finally become true owners is understandable. But how to do this?

Many people think. The mine will be transferred to collective ownership and right away labor productivity will rise and costs will decrease. These hopes are illusory.

I am an advocate of another approach. Before privatizing enterprises, they should be brought up to a market state. Otherwise, both mines and people will be ruined. If our coal is not competitive on the world market, privatization will give nothing, except a social explosion of a vast force.

[Andreyev] There is also another danger—the sale of mineral resources for next to nothing.

[Zaydenvarg] Yes, the transformation of enterprises into joint-stock companies with the participation of foreign capital with good reason alarms many people. The obviously distorted currency ratio and artificially understated prices open a vast field for abuses. We must help labor collectives to protect their rights, so that their fixed capital is not used with the highest profit for someone else's purse and only with a little bit for the miner.

In general, it is bad when policy dictates economic decisions. This also happens with privatization now.

[Andreyev] What brought you, Valeriy Yevgenyevich, to the mine?

[Zaydenvarg] As it often happens, this was an accident. My first cousin studied at the Tomsk Polytechnical Institute and one day he came on a visit to Slavgorod in Altay in the uniform of a mining student.

[Andreyev] I was also lucky to wear it.

[Zaydenvarg] I liked this uniform so much that I decided to become a mining engineer. After the institute I worked in the Kuznetsk Coal Basin. I was a mining foreman, and then I went through all the stages.

[Andreyev] What troubles the corporation president most of all now?"

[Zaydenvarg] The situation in which enterprises find themselves unwillingly. Even having above-plan production, they "are in the same boat." They cannot buy goods, equipment, and materials on schedule. At times they cannot give people leaves or leave pay. They owe us 5 billion rubles and we owe 4 billion. This is a destruction of all the elementary principles of the life of enterprises.

Radical economic reform was supposed to have created conditions for productive work, but it is wrecking sectors. The construction complex was destroyed completely. You know, the coal sector is sluggish—10 to 15 years pass from the plan to the commissioning of a mine.

An impression is created that this reform was calculated roughly for 3 or 4 months and after that everything could go to hell.

I repeat. Now the chief thing is not to lose time in stabilizing the sector's work in order not to lower any longer production volumes, but to increase them by 5 to 7 million tonnes. This would make it possible to prepare for the winter of 1992/1993.

We were concluding the talk when the president's assistant brought a folder with the latest mail. A letter from the Presidium of the Supreme Soviet of Abkhazia was the first in it. Colleagues asked that the matter of the admission of the Tkvarcheli Mine Administration into the corporation be considered.

Perhaps the time will come when the economy will dictate political decisions?

Motor Transport Performance Viewed

9244096/4 Moscow *AVTOBIL'NYY TRANSPORT* in Russian No. 1 Jan 92 pp. 4.

[Article by Rosavtotrans Concern President A. Vasiliev "Much Work Lies Ahead"]

[Text] During the period of pursuit of economic reform and the transition to a market economy, motor-vehicle transport continues to remain the principal connecting link between the enterprises of the national economy and other modes of transport, and it provides for more than 80 percent of freight shipments in the republic and the overwhelming majority of passenger transport; the formation of the market will thus be complicated and painful without its clear-cut and streamlined operation.

Substantial changes are underway today in the organizational structure of motor-vehicle transport and, first and foremost, general-purpose trucking. The Rosavtotrans Russian State Trucking Concern has been created on the basis of a voluntary association of enterprises in motor-vehicle transport, industrial and construction enterprises and a number of other organizations. With 12 percent of the fleet of trucks in the republic, it carries out more than

30 percent of the volume of freight-transport operations. The motor transport enterprises of the concern transport passengers in 1,400 cities, wherein for 90 percent of them motor-vehicle transport is the sole mode of regular public transport.

The government of Moscow has created committees for freight and passenger transport.

We have been able, in organizing the system of general-purpose motor transport for Russia and granting the collectives of motor-transport enterprises complete independence in issues of business activity, to ensure the fulfillment of contract obligations for the shipment of freight under extremely difficult conditions, as well as to achieve an increase in income, the economic incentives fund and the fund to support the stable financial state of the enterprise.

The most important task of our production associations and ATPs [motor-transport enterprises] today is the creation of the necessary working and living conditions for their workers. The motor-transport workers have also invested enormous labor in that. A good human potential has taken shape here now of economically literate people, supervisors who do not get lost in complicated situations, a creatively thinking engineering corps and—undoubtedly the main creative force—skilled drivers and repairmen.

Motor-vehicle transport, under the exceptionally difficult conditions of this year, in the face of the crisis in the economy, the most acute shortages of material and technical resources and the rupture of longstanding production ties, is operating in stable fashion and has not permitted any serious disruptions in serving the enterprises of industry and the population of the Russian Federation.

Despite the sharp reduction in deliveries of new rolling stock, the majority of the production associations in motor transport are augmenting—albeit not considerably—their volumes of transport operations in freight shipments and passenger transport. The productivity of labor in motor-vehicle transport increased by 6.5 percent compared to 1990. Behind all of that stands the intensive labor of the collectives at the motor-transport enterprises and all workers in motor transport.

I would especially like to note the drivers and repair workers who are systematically improving the operations of motor transport. Mikhail Mikhailovich Tsarev, a driver team leader at the Nizhegorod Production Association of Truck Transport No. 2 of Nizhegorodavtotrans, became a State Prize Laureate in 1991. The best drivers were awarded the title of laureates of the Trade-Union Prize imeni Titov at the suggestion of the trade-union central committee and the Rosavtotrans Concern. They included Viktor Mikhailovich Shabunin, a driver team leader at the Novokuznetsk Passenger Motor Transport Enterprise No. 2 of Kemerovopassazhiravtotrans.

The title of "Honored Motor-Transport Worker" was awarded on the eve of the professional holiday to Sergey Akimovich Vorobyev, a driver at the Motor Combine No. 29 of the Moscow Freight Transport Committee, Aleksandr Alekseyevich Kulikov, a driver at the Motor Combine No. 6 of the Moscow Freight Transport Committee, Yevgeniy Grgoryevich Kiryukhin, a driver of the 2nd Bus Fleet of the Moscow Passenger Transport Committee, Ivan Vasilievich Mamkov, a driver of the 1st Bus Fleet of Moscow, Arkadiy Nikolayevich Kostrov, a driver of Motor Column No. 1130 of the city of Dmitrov, Viktor Petrovich Semenov, a driver of Motor Column No. 1128 of the city of Zagorsk, and Vladimir Ivanovich Streltsov, a driver of Freight Truck Column No. 1129 of the city of Kolomna.

Most acute problems nonetheless exist in motor transport today, however, despite the stable operations.

The sharp cutbacks in the delivery of rolling stock and other material and technical resources have put general-purpose motor transport into an exceptionally difficult situation, which could create an acute social problem in the republic. The concern, in conjunction with the trade-union central committee and RSFSR Mintrans [Ministry of Transport], have submitted to the RSFSR Council of Ministers the essential proposals to render state support to general-purpose motor transport, and have convinced it of the necessity of making the appropriate decisions at the republic level. RSFSR Council of Ministers Decree No. 274, "Urgent Steps to Improve the Sufficiency of General-Purpose Transport," came out in May of last year. It acknowledges the necessity of state support for general-purpose motor transport and the rendering of assistance to it in deliveries of material and technical resources, the allocation of state capital investments for the acquisition of buses, and the organization of the development and assimilation of new types of rolling stock at the motor-vehicle building enterprises of the republic. It is important here that the government be consistent in the fulfillment of the projected measures.

The constantly increasing scarcity of rolling stock and its poor technical preparedness, in the face of a virtual absence of state deliveries of spare parts and materials, are leading to disruptions in bus routes and an increase in the traffic time intervals in cities. The crowding of buses at rush hours is reaching the maximum allowable levels. The inadequate infrastructure of the route network outside the cities with passenger-service facilities does not allow the offering of the essential services to the population or a rise in the level of service.

The transport of passengers has already been transformed into an acute social problem in a number of regions, that is not only having a negative effect on the state of the social climate, but is also slowing the development of the national economy. Today our business bodies are not taking effective steps to create normal production and social conditions for the workers in passenger transport, and are underestimating their role in raising the standard of living of the people.

The "Russian Bus" dedicated republic program is being developed so as to eliminate, or at least ease, the gap between the throughput capacity of general-purpose motor transport and the requirements of the population for passenger transport. It envisages an expansion of the production of buses at the enterprises of the republic, including using the conversion of defense enterprises. The concern is working at the same time on organizing the assembly of buses using its own manpower at the enterprises of Rosavtotrans. Some 200 LiAZ buses had been assembled at enterprises in Moscow and Nizhegorod oblasts in 1990, and their quantity was brought to 500 last year.

The economic state of passenger motor transport remains extremely difficult, however. Not only the city routes, but many suburban routes as well are unprofitable due to the sharp increase in the cost of rolling stock, fuel and other materials, despite the rise in rates.

Under the conditions of a sharp deficit in the republic budget, we must move actively to the organization of urban passenger motor transport on the basis of relations of economic accountability among enterprises and local bodies of executive authority, and to the creation of a unified customer service for bus transport in all regions.

Freight shipments face no fewer problems. The enterprises of general-purpose motor transport have proved to be in a situation of quite fierce competition, and the free choice of a partner in the motor-transport market has become an economic reality. It is not enough just to be a shipper to win a partner today, it is necessary to seek ways of expanding the list of services offered. The development of comprehensive transport service for the national economy based on an acknowledgment of the priority of the interests of the client, the full business independence of the enterprises and the widespread utilization of progressive technologies and methods in the organization of shipping are thus essential.

A unified transport system ensuring the guaranteed delivery of freight to the recipient on time is lacking in Russia today. The freight owners are forced to perform large amounts of work—prepare freight for shipment, loading and unloading, marking, packaging and others—diverting and making inefficient use of labor and technical resources for that purpose. NIIT [Scientific-Research Institute of Motor Transport] and the Russian Ministry of Transport have developed a state innovation program and the "Terminal" Republic System of Transport and Shipping Support in order to create a highly accessible, effective and reliable transport system. That envisages the rapid creation of a system of terminals, transshipment and warehouse complexes and other facilities supporting the preparation of freight for shipment, the improvement of the utilization of rolling stock and containers and the offering of a broad spectrum of services, freeing up the freight shippers and freight recipients from activity that is not characteristic for them. This is an enormous field of activity for the enterprises in motor transport, the more so as they have

the initial base for this. There are already more than 100 transport and shipping enterprises functioning in the system today, and the comprehensive servicing of more than 2,000 industrial enterprises is being accomplished.

Other promising directions include the creation of a regional container-transport system and the development of intercity shipping. The program for the development of intercity shipping of freight envisages the creation of modern regional and interregional management centers, a preference for freight shipments on regular intercity lines on the basis of schedules and timetables of motor-vehicle and tractor-trailer traffic, and the creation of a unified terminal system. The corresponding rolling stock is needed for the resolution of all of these issues, of course. But we are not hoping only for the centralized allocation of funds, and have already determined additional sources for replenishing the inventory. We are organizing joint production with ZIL, the Stavropol Trailer Plant and the Lika Bus Plant, among others. We are receiving an additional 400 KamAZs this year thanks to the acquisition of shares of stock in the KamAZ joint-stock company.

All of the problems of motor freight shipping and passenger transport, of course, will not be solved only by the deliveries of rolling stock without the proper support from technical servicing and repair of motorized transport. We consider the chief direction here to be the servicing of the transport vehicles. This system envisages the organization of joint-stock companies, technical centers and joint ventures and products lines for servicing the rolling stock and power plants in conjunction with the manufacturers.

Work is underway in the current year, and the corresponding agreements have been signed, with the production firms of KamAZavtoentr, Giazvotekhobsluzhivaniye and Avtodizel-servis (Yaroslavl), the ZIL production association and the Kurgan Motor Works. Persistent work is underway in this direction with the Lika and Pavlovsk motor works. Some 22 regional joint product lines and joint-stock companies have already been created for the servicing of motor vehicles and the repair of assemblies. The quantity of such lines will reach 30 by the end of the year.

A program has been developed for the manufacture and restoration of spare parts, with the aim of reducing shortages of them. Industrial enterprises, specially created small ventures and the enterprises of other agencies have been brought in on its realization. The centralized acquisition of the necessary technological and design documentation has been organized to prepare the new product lines, and assistance is being rendered in fitting them out with technical equipment and allocating financial and material resources. The program envisages the manufacture of the most acutely scarce spare parts in the amount of 60 million rubles in 1991, later reaching an annual production of up to 200 million rubles.

We must make more active use of the broad rights that have been granted to enterprises in the realm of foreign economic activity, and move more boldly into the international market for transport services.

Some 32 territorial production associations in motor-vehicle transport, 9 motor-vehicle repair plants and 14 joint ventures have currently been registered as participants in foreign economic activity. They possess trucks and buses, and have registration certificates for the motor-vehicle rolling stock in accordance with the Convention on Road Traffic. Five terminals for the handling of import-export freights are being put into operation.

The shipment of freight is being actively accomplished by the enterprises of the East Siberian and Far Eastern economic regions for Mongolia and China. Negotiations with representatives of foreign transport and shipping firms from Germany, Sweden, Yugoslavia and Bulgaria have been held. Proposals have come from the firms to organize shipments as a result of the negotiations.

The supervisory workers and specialists of the associations and enterprises of the sector have taken part in seminars being conducted by the ASC, international transport and shipping company (Sweden) and our Academy of International Relations on issues of the organization of foreign-economic activity, an international system of transport services, marketing and management. Courses have been organized to train driver-shippers for international freight shipments.

The board of the concern in October of 1991 adopted the decree "The State of and Measures to Develop Foreign Economic Activity by the Participants in the Rosavtotrans Concern." It affirms the basic guidelines of that activity until 1993 and envisages the volumes of shipments of freight and passengers on international connections, as well as the operational start-up of terminals for the handling of export-import freights.

The basic guidelines for the development of foreign economic activity by the participants in the Rosavtotrans concern envisage the concrete steps to organize this work. They are first and foremost, study of the import and export potentials in the local areas and their role among the shippers of international freights using motor transport (small lots of freight, electronic equipment, refrigerated freights and the like). It is essential to study the hard-currency capabilities of the major enterprises of the republic, kray and oblast from the standpoint of organizing the shipment of the export products they put out, and receiving hard currency from them for the acquisition of market-competitive specialized rolling stock on credit or under leasing from foreign firms. Work is envisaged in parallel with this to implement the search for, and hold negotiations with, foreign transport and shipping firms with a vested interest in creating regular lines of international shipment, organizing storage terminals for the handling of freights and organizing joint ventures both on our territory and abroad.

The basic guidelines define the time periods and responsible organizations for the training of TPO specialists and drivers for practical work on foreign economic activity and the implementation of international shipments of freight and passengers. What is in mind here is the resolution of all organizational issues on the filling in of border passports and the issue of visas, the registration of rolling stock with the bodies of the GAI [state auto inspectorate] etc. The firm for international collaboration is entrusted with rendering assistance to enterprises and organizations that are part of the concern in registering them as participants in the foreign economic activity and opening up hard-currency accounts for them at the institutions of the Russian foreign economic bank or other commercial banks, as well as studying the question of the entry of the Rosavtotrans concern as a member of the Association of Soviet International Motor Shippers (ASMAP).

The Vneshtrekspeediter Russian joint-stock transport and shipping company, whose founders are the Rosavtotrans concern and eight motor-transport associations, is being created to coordinate the work of all participants in the concern on foreign economic ties. It is being entrusted with performing dispatching services and shipping and handling for the freight of foreign firms engaged in construction on Russian territory, as well as implementing transport and shipping services in the handling, storage and shipment of export and import freights from the joint venture and foreign firms.

A special plan of practical actions has currently been developed for the realization of the program of transition to the market with a regard for the economic vested interest of each worker and each collective in motor transport. The transition to the market economy is impossible without the resolution of questions of the privatization and denationalization of property.

The most expedient form of privatization of enterprises, as experience has shown, is their transformation into joint-stock companies and the creation of the Russian Joint-Stock Motor Transport Corporation. The forms of privatization may vary, of course, but we feel that it is namely that route that is the most promising. Drafts of the "Statute for the Rosavtotrans Russian Joint-Stock Motor-Transport Corporation" and the "Technique for Assessing the Value of Objects of Privatization in Motor Transport in the Russian Federation" have now been developed. The privatization of motor-transport enterprises is currently underway in Moscow, Novgorod and Bryansk oblasts by decision of the Government of Russia, and individual enterprises in associations in Volgograd, Saratov, Rostov and Orenburg, among others, are also being privatized.

Today these basic guidelines for the operation of motor transport are most important constituent elements of the "Program to Develop the General-Purpose Motor Transport of the Russian Federation" that were developed in

accordance with the decree of the Government of Russia. Much work lies ahead for all of us in its implementation.

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ZIL Auto Plant Designer Interviewed

924A0961B Moscow AVTOMOBILNYY TRANSPORT in Russian No 1, Jan 92 pp 8-10

[Interview with ZIL Chief Designer Yevgeniy Dmitriyevich Gusev by AVTOMOBILNYY TRANSPORT correspondent Viktor Maslov under the rubric "A Look at the Cover": "ZIL. From an All-Wheel-Drive Truck to A Minibus"]

[Text] *ZIL is getting ready for the market. The difficulties of the transitional period, as would be supposed for the giant, are more painful for it than others. When a motor vehicle is being sold for its own price, when the plan comes to be determined by those who are fulfilling it, when the concept of the "order" will be associated not only and not so much with the adjective of "state," then possibly the ZIL firm will become one of the most prosperous. How will it meet its 75th anniversary—profitable or unprofitable, modern or hopelessly backward? What is it ready to offer the market? What does it have in its portfolio? ZIL Chief Designer Yevgeniy Dmitriyevich Gusev courteously agreed to answer the questions of our correspondent Viktor Maslov.*

[V. Maslov] You are putting a truck with a diesel engine into the production line. Who will be supplying you with the engine?

[Ye D. Gusev] We are putting out the engine ourselves. A plant is also being built in Yartsevo. Starting from scratch, and the hiring of specialists is proceeding with difficulty. The construction of an iron foundry, the largest in Europe, has been launched at the same place. Personnel are also needed.

[V. Maslov] What volume of output is being planned?

[Ye D. Gusev] The first phase is 75,000. The second, if we get to it, something around 130,000. But perhaps we will not get to it and will put out something else. Two enormous wings are being built at the plant itself. A wing for press production, where modern machine tools and lines have essentially already been built and are not operating at full capacity, but they are operating. The second wing is for welding the cabs. An almost fully automated technology is being employed there for the first time.

[V. Maslov] The assimilation of new technologies is a problem that sometimes becomes insurmountable.

[Ye D. Gusev] These problems are well known to us. And they are already at the solution stage in principle. Take the wing for cab welding—we are already afraid that there will be more cabs than needed next year. They are essentially new cabs, wherein we are modernizing a series of assemblies and, thereby, on the basis of the ZIL-130 and ZIL-131 we will be getting virtually a new vehicle. With good working conditions for the driver, with a comfortable cab.

[V. Maslov] The cab is now longer comparable to the old one, with a sleeping berth

[Ye.D. Gusev] That is not all. The cab is quieter. Our diesel is relatively quiet. A certain process was employed—the Ishimberovskiy, true, it is not all that new, but it is a quiet process. And a plus is that the cab is quiet—we are assimilating new noise-dampening materials. We will take out 2-3 decibels. We are working on covering over the engine.

[V. Maslov] The truckers who operate the vehicles with diesel engines complain about the noise and also about the smell in the cab.

[Ye.D. Gusev] Not to us they don't. In any case, a driver I was talking with was saying that he was driving once to the Crimea in a KamAZ and he had a "cast-iron" head, and in the ZIL-4421 he felt fine. We later used a softer mounting on those trucks, and a spring-mounted cab besides.

[V. Maslov] The driver feels more confident anyway in your vehicle, with the forward position of the engine.

[Ye.D. Gusev] It is perhaps not all that fashionable to have a front hood today. But from the point of view of noise, it is a gain once again, and from the point of view of safety, the same. The driver feels more protected when he sees that such a mass is heaving in front of him. The KamAZ drivers call it "twenty centimeters from death." Probably not for nothing. There is probably no need for us to be oriented toward Europe here, crowded and overloaded. It is really is not expedient to be "carrying" any extra size there. But here there are wide open spaces, we can permit ourselves that.

[V. Maslov] But you also, as far as I know, were developing a truck with the cab over the engine?

[Ye.D. Gusev] Yes, we are pursuing such a development. We did a broad analysis. We have full information on what is being done around the world. When we are putting out trucks with a broad spectrum of freight capacities, those developments will be suitable for us. Today we are engaged in raising the capacity of the truck, we used turbocharging, we will make it more long-range.

[V. Maslov] Could a truck be developed in which all of the assemblies have an identical service life?

[Ye.D. Gusev] That is possible today. There are no drawn-out designs yet. There is computer design engineering in which many parameters, including the service life, are inherent ahead of time. Today we are optimizing the processes of gas distribution and engine cooling with the aid of computer design engineering. The shame is that we are lagging behind today. The hardware is expensive, the programs are expensive. We have to develop for ourselves what the world already has. And we could, by investing a few tens of thousands of dollars, obtain already prepared programs and move forward.

[V. Maslov] When, in your opinion, will ZIL become an absolutely financially independent enterprise?

[Ye.D. Gusev] We are the same as KamAZ at the given moment, we are considering the question of converting to a joint-stock enterprise.

[V. Maslov] Is any policy being foisted on you from above—what to put out, in what amount?

[Ye.D. Gusev] No, we are occupied with "policy" ourselves. If we were to take the "4331" out of production now, then of course we would be striking off powerfully in a new direction. But today we are only betting on the production of the family of those vehicles, and we do what we have to to keep it alive. We are increasing the freight capacity.

[V. Maslov] And you will be entering into competitive relations with KamAZ?

[Ye.D. Gusev] We are not afraid of that. KamAZ is the same as ZIL, our former prospects that were taken away at one time.

[V. Maslov] They divided them all into various classes. GAZ is putting out trucks with freight capacity of 4-4.5 tonnes, ZIL at 6 and KamAZ at 8-10.

[Ye.D. Gusev] Now I think that that division should cease. We can make three-ton and four-ton trucks. We can make ten-ton trucks, and one exists—the ZIL-173, although it is true that it has an old cab, it is a little ugly, long. When we put a new cab on it, high, spacious—it will be a quite different vehicle. We will be producing a fifth-wheel truck tractor. And then let's compare. If your vehicle loses, make a better one.

[V. Maslov] Competition is the engine of progress?

[Ye.D. Gusev] Of course. KamAZ made a truck with a "4 x 4" wheel formula, and we will make a "4 x 4," all-wheel drive. We are already doing it. We put a dump-truck body on it. The dump truck has become all-terrain, and is not as heavy as the ZIL-131. Now we are conducting testing. There is a truck at GAZ with the cab over the engine and a carrying capacity of 3.5 tonnes, ours has four.

[V. Maslov] What do you expect from the market?

[Ye.D. Gusev] Market relations will lead to a review of pricing policy. And there is no need to fear it. Look, if somebody puts his "trunk" on our chassis, he won't sell such a vehicle for twice as much, no one will buy it. Because the chassis already takes on that real portion of the value that it should take on with normal prices. If a truck cost 5,600 rubles not long ago, then it is understandable how the motor-vehicle industry got into the state it is in. A foreign specialist, when he learns about such a price, asks again several times, then laughs. Can a truck really cost that much? Serious truck firms do not race to make cranes, vans etc. themselves. Only the chassis. They don't even put the sides on. The chassis is

the most expensive basis, which should proceed on the conveyor. It incorporates the labor of hundreds of thousands of people, plus unique equipment of colossal value.

[V. Maslov] Tell us about your other developments. You used to put out a minivan with very attractive shapes. Do you intend to return to it?

[Ye.D. Gusev] Honestly speaking, we were never putting out a minivan. Putting out means having some program. We were making single copies, they were in experimental operation here, besides. Only now have we decided to put it in order, and put in a very good brake system and a different engine. Today we are conducting interagency tests so as to legalize its production. But it is again based on a higher-class passenger car, whose output is limited—the engineering is very complex.

[V. Maslov] Many are confident that the most advanced ideas in our automobile building are concentrated in your limousine.

[Ye.D. Gusev] That is partly so. First of all, it is small-series production, in which it is easy to implement any new ideas. The automobile that has now been made to replace the ZIL-115 is more compact, it is half a meter larger than the Volga. The vehicle is modern, with frameless design, wherein—despite the fact that we engaged for the first time with a frameless body—we made it to the stipulated parameters. We received our own vibration frequencies of 25-28 Hz, which corresponds to the recommendations of the Porsche firm. The first electronic systems employed here have been installed on it—a digital autoreceiver, a controller microcomputer, a player in a unified system, a diagnostics system with a speech synthesizer, when a voice reports flaws, and video information appearing on a screen. The acoustic system is unique, there are few like it in the West—10 moving-coil speakers, separately placed high-, medium- and low-frequency ones, and the pseudo- and quad sound can be adjusted. The air-conditioning was made in such a way that the air is distributed through the roof in an unobtrusive stream. It is a unique car overall. But miracles do not happen—the cost is very high. There used to be a state order for the highest class of cars, and now there evidently will not be one. So then it is difficult to say what fate awaits those vehicles.

[V. Maslov] Some of our major firms are meanwhile gladly buying expensive and prestigious vehicles today, for which they pay hard currency.

[Ye.D. Gusev] Our car, if we continue to make it in the quantities we are, should cost something on the order of 600,000 rubles today. Yes, some will want to acquire it, but these are just a few, we cannot count on them. It would be a great shame to lose the unique school of the presidential automobiles that were created here. There are no firms in the world where these vehicles would be

specially created. There are firms that are making expensive automobiles, and little firms that make these expensive cars even more expensive. But altogether, in a complex, there is nowhere to create the automobiles with the highest requirements for safety, reliability and comfort that are offered for government and presidential automobiles.

[V. Maslov] These vehicles are created according to the "hand-assembled" method, which ensures their uniqueness first and foremost.

[Ye.D. Gusev] There is great integration and specialization around the world today, it is possible to purchase finished assemblies from firms that specialize only in their manufacture. We ourselves do everything, including the engine, with the exception of the electronics. The electronics are most complex, with systems to support operation, with redundancy as on an aircraft. There is an emergency ignition system. The reliability of the automobile is very high. We could create a bus in such a class.

[V. Maslov] What changes are occurring at ZIL from the viewpoint of conversion?

[Ye.D. Gusev] We have a product line that makes motor vehicles to search for cosmonauts. There are a wheeled all-terrain vehicle and a screw vehicle that "sits" on an all-terrain vehicle, and in inaccessible areas is unloaded and proceeds across a swamp, across any roadless terrain. Now we are offering those products for sale. We intend to put out a vehicle for emergency situations based on the ZIL-132. There was not always enough hardware that could be delivered quickly where one cannot either fly or drive. Our enormous country needs vehicles to support the electric-power grids. The poles in Russia often do not run along roads, but in a certain direction. If a wire breaks, a whole city is without lights. All of these vehicles could be used straight away. These developments used to be secret. Now we are ready to take orders.

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Warning Against Infected Imported Meat

924A1078A Moscow SELSKAYA ZHIZN in Russian
1 May 92 p 2

[Interview with Oleg Iskhakov, chief of the Russian Ministry of Agriculture Veterinary Main Administration: "We Do Not Need to Cry 'Help!'"]

[Text] This is the advice given to our correspondent by Oleg Iskhakov, chief of the Russian Ministry of Agriculture Veterinary Main Administration.

[Iskhakov] We should not frighten the people with terrible facts from the life of our domestic food production industry or calm them with lullabies about the fact that everything Western is always better than ours. The fears are costly. For example, the recent salmonella scare

led to the loss of 2 billion eggs and a decline in poultry production. For those who do not know, I can give a popular explanation—eggs do not contain salmonella. Salmonella live next to them, around us, like all other bacteria. If you have fried ham and eat it right away, you will never get sick. It is another matter when the food is left to stand for days. It would be surprising not to get sick. Furthermore, we must rely on the data of specialists, and not that of journalists. For instance, if veterinarians have said that beef or other livestock products should not be brought into Moscow from other countries, this should be taken as law, strictly mandatory for fulfillment. We know that only in England there is such a disease as encephalopathy (for those who do not know—false madness). In Portugal there is African plague in pigs. We are not worried about the people. They will not suffer even if they consume the meat from sick animals. We are protecting livestock raising. That is why we are prohibiting the import of these products from these countries, or setting forth specific conditions. After all, we know that it is enough to throw a few grams of such meat into the garbage can, and it may by will of chance find its way to the feeding trough of animals. Then we will not avoid disaster.

[Correspondent] Oleg Zulyevich, in order to keep such strict control, we would need an army of specialists and a stable state with borders and customs check-points. Our readers and I too, I must confess, get the impression that we are living in some kind of washed-out space, where everyone does what he wants, goes wherever he wants, brings or carries in whatever he needs. Can we speak with assurance about some kind of control in this situation?

[Iskhakov] We do not need impressions. We have precise facts. The Russian Veterinary Service fully controls the situation at the borders, and with air and railroad transport. There are 12,573 state veterinary institutions in the republic. We have concluded agreements on interaction with all states which supply livestock products or animals to Russia. The livestock and livestock products arrive with veterinary certificates and pass through the border under veterinary control. It is more difficult with humanitarian aid. After all, we cannot open all the packages!

[Correspondent] Oleg Zulyevich, excuse me, but is not the picture too optimistic? Something here is not believable. All around we hear shouting that there is poisoning and illness from poor quality products. Everyone is up in arms against the unrestricted sale of products in the streets, in underground passageways, public rest rooms and gateways. Yet you are calm.

[Iskhakov] Well, then you can write this down in big letters.

[Correspondent] I am writing.

[Iskhakov] ... WE, THE VETERINARIANS OF RUSSIA, CALL UPON THE ENTIRE POPULATION OF THE STATE NOT TO BUY (and these words should

be even bigger) **ANY PRODUCTS FROM INDIVIDUALS ANYWHERE! NOT ON THE STREETS OF THE CITIES, NOT ON COUNTRY ROADS, NOT ON HIGHWAYS. NOWHERE EXCEPT THE LEGALIZED MARKETS AND STORES! DO NOT BELIEVE ANY SEALS OR STAMPS, ESPECIALLY ON MEAT PRODUCTS SOLD OUTSIDE THE INSTITUTIONS OF STATE TRADE. THEY MAY BE FORGED.**

[Correspondent] I agree with you. I have had experience. A farmer's cow got sick. The medical help proved ineffective. They had to slaughter the cow. The meat went to our student dining hall and to a restaurant. There were 150 students poisoned, as well as the restaurant director and his family.

[Iskhakov] We know of many such incidents. The bad thing is that the conditions exist for their being repeated. This is the weakness of our veterinary legislation. Abroad, for example, the backyard slaughter of cattle is prohibited. The meat comes to any trade center only from a meat combine, after having passed veterinary-sanitary inspection. Where did varroaosis come from to Russia? That is right, from the Far East. Private owners spread sick bees throughout the entire country in their personal transport. That is how hemorrhagic disease in rabbits traveled from Khabarovsk Kray throughout the country. That is also how tuberculosis is transmitted. But alas, the private entrepreneur bears no responsibility. Yet the state suffers considerable losses. Just imagine, the managers of rayons and oblasts must strictly control the sale and purchase of cattle in their region.

[Correspondent] And if they overlook something?

[Iskhakov] There is a fine of up to 30 rubles! But this is for violation of the Veterinary Charter.

[Correspondent] And what if they bring in a disease?

[Iskhakov] Then we must file with the investigative organs.

[Correspondent] So you even have to go to court! That is a pleasant task.

[Iskhakov] "Pleasant." That is why the specialists are running away. Some to ecology, some to medicine, and some to various cooperatives. We have the specialists which are most in demand during these times—virologists, radiologists, microbiologists, parasitologists. They are being tempted away with better salaries and working conditions. What do we have: A chief doctor receives maybe 1,500 rubles [R], a section head gets slightly over R1,000, while a veterinary assistant gets no more than R700. It is no accident that up to 20 percent (in remote regions up to 40 percent) of the doctor's duties are performed by assistants and practitioners. After all, only 27 percent of the state veterinary service institutions are located in standard production facilities.

[Correspondent] We recently received a letter from a veterinary institute which states that the competition is great there, almost like that for models.

[Iskhakov] Yes, we have prepared many specialists. Except there are not enough of them in rural areas. Who wants to wallow in mud for such wages?!

[Correspondent] So, is there no way out? And in general, you have hung your head, Oleg Zulnevich. You suggested that I not cry for help, and now you yourself have begun to panic. I have occasion to see the work of veterinarians. Well, why do the veterinarians have to serve the private owners for free? The farmers too? What are their earnings? After all, what kind of an attitude do we have toward cattle—as long as they are milked, just so they graze and get meaty. As soon as anything goes wrong—the veterinarian will treat them for free. But let us pull this chain: It costs money to treat and inoculate. That means they must buy not simply cattle, but pure-breed, high milk yield, specially bred cattle. And then there will be more milk, meat and other livestock-raising products on the market.

[Iskhakov] The Russian Council of Ministers has allowed our ministry to ratify a list of paid services provided to the population. Not for everything, but only those which affect livestock productivity. Anti-epizootic measures which have state-wide significance we perform for free.

[Correspondent] But all of them, directly or indirectly, influence the product production.

[Iskhakov] We perform up to 120 anti-epizootic measures free of charge. The government agrees to such expenses. This is where our alarm is manifested and the greatest difficulties arise. In connection with a 7 to 10-fold increase in prices on biologicals and anthelmintics, for the first quarter of this year we have been allocated only one-sixth of the money we need. If we do not dip 40 million sheep, how much wool will we lose? That is just it. We have an abundance of biological preparations, and a clear shortage of pharmacological preparations. For import purchases we need currency, but where can we get it? Before we received considerable money in the form of deductions for mandatory livestock insurance. We have also been hit by another hardship: Due to a number of ecological reasons, the absence of raw materials and Minzdrav [Ministry of Health] prohibitions, over 200 pharmaceutical shops and enterprises of the Minmedprom [Ministry of the Medical Industry] have ceased production of veterinary preparations.

[Correspondent] Nevertheless, you hold the pulse to the health of the country's entire population? It is not for nothing that they say that medicine protects man, but veterinary medicine protects mankind?

[Iskhakov] Yes, it is not for nothing that they say that. We really are controlling the situation, although every now and then it will go beyond the danger point. We are currently working on a draft law, "On Veterinary Affairs." It will allow us to establish a system, basic principles, and the general legal, economic, social and organizational basis for veterinary work in the republic.

[Correspondent] Thank you for this interesting discussion.

[Iskhakov] You're welcome. I hope you and your fellow journalists will keep your wits about you, not give in to panic, and will come to us more often for consultations. Sometimes one must cry "help!", only one must not shout—you might not hear the sensible advice of a specialist.

Agrarian Policy Under Marketization Conditions Examined

924A1078B Moscow, SELSKAYA ZHIZN in Russian
1 May 92 p 2

[Article by Yu. Maksimenko: "The Agrarian Complex and Market Development: The Conception of Agrarian Policy is Discussed in Rostov-on-Don"]

[Text] Scientists, specialists and production organizers have gathered here at the initiative of the Ministry of Agriculture, the Russian Academy of Agricultural Sciences, and the Scientific-Technical Society on Agriculture. Scientific leaders from a number of CIS states also exhibited interest in this measure. A wide range of questions was discussed, concentrated in the proposed draft of the conception of agrarian policy under market conditions. G. A. Romanenko, president of Rosselkhozakademiya [Russian Academy of Agricultural Sciences] presented a speech.

In the course of discussing the draft, the conference participants noted that bringing the agricultural complex out of its present dead end is impossible today without renovation of the material-technical base of agriculture and the processing industry, and without the financial support of the state. Efforts must be directed at increasing the effectiveness of capital investments primarily in the active agricultural enterprises. Along with this, it is necessary to intensify work on the organization of peasant (farmer-type) farms. Having increased to 50 percent the portion of reconstruction and technical retooling in the structure of capital investments, we may significantly reduce the investment cycle and lower its capital consumption. At the same time, investments must be directed toward target comprehensive programs which encompass all phases of production, processing and storage of agricultural products.

The transition to regulated market relations and the support of entrepreneurship require the accelerated creation within the APK [agro-industrial complex] of a network of small enterprises specifically engaged in primary processing of agricultural products, agricultural-technical service, agricultural trade, and other entrepreneurial activity. In a number of cases, the creation of large-scale production is also economically justified. Computations performed by VNIETUSKh [expansion not given] and other scientific institutions confirm that the recoverability of capital investments in large-scale production of optimal size is 50-60 percent higher as compared with small enterprises.

Through the system of economic levers (taxes, contracts for the purchase of products for the centralized funds, credits, scientific-technical programs), agrarian policy is called upon to facilitate the development of specialized agricultural zones. State measures for the development of the APK must stimulate the creation of specialized agricultural enterprises which solve the most important economic and social problems.

What place will the peasant (farmer-type) farms take in specialization? In organizing these farms, we should create for them conditions for specialization and concentration of production. The owner of the farm retains the right to choose the sectorial structure. Furthermore—the matter lies with market regulators. At the first stage of market relations, mandatory deliveries and unrestricted sale are utilized. The relative share of the first channel will be subsequently reduced, and free trade and contracting will take the predominant position.

A set of questions in the conception is devoted to relations of ownership and forms of economic management. The basic principle here must be full voluntary choice. With consideration for the practical experience gained in agrarian production in various regions of the Russian Federation, the following forms of ownership may be used: Collective-share, collective-joint (on land), private, state (federal and municipal).

The portion of kolkhozes [collective farms], sovkhoses [state farms], subsidiary farms, industrial enterprises, inter-farm and agro-industrial formations, among which there are many large enterprises, today comprises 75-80 percent of the gross production and up to 90 percent of the commodity production. We cannot overlook domestic and foreign experience, which confirms that large-scale production has greater effectiveness.

The development of farmer-type farms will demand large state capital investments. At the first stage, by 1995, the number of independent peasant farms may reach 180,000-200,000, which will produce 5-7 percent of the gross production. R320-R360 in capital investments will be required for their creation (in 1991 prices). Even larger state investments—R800-R900 billion will be needed to create 450,000-500,000 farmer-type farms by this time. The relative share of the products which they produce in this case may increase to 15-18 percent.

The central link in the formulation of agrarian policy is the application of land resources. The initial stage in land reform has not yet given the expected results. The negative phenomena in the use of land have not stopped, and are continuing to gain strength. Millions of hectares of highly productive farm lands are being taken out of use.

In the process of formulating a market economy, questions are arising regarding the state regulation of the agrarian market and the economic relations of agriculture with the APK partners. The main thing in regulation is to ensure price parity between agriculture and the

resource providing sectors, and to support the profitability of agricultural goods producers at a level ensuring conditions of expanded reproduction.

With the transition to a market, there has been a sharp decline in the rates of rural social development. The conception stresses the need to change as soon as possible the attitude toward the farm as a source of material, financial and labor resources for industry, and to combine organizational forms with real state support of the farm and creation of equal conditions for life in the city and in the village.

Two Officials View Physicians' Strike

92441047A Moscow IRUD in Russian 24 Apr 92 p 7

[Interview with M. Kuzmenko, chairman of the central committee of the health workers' trade union of Russia, by A. Kozlov and S. Sukhaya: "A Razor Blade Instead of a Scalpel: The Strike of Medical Workers in Russia—Two Points of View"]

[Text] M. Kuzmenko, chairman of the central committee of the health workers' trade union of Russia.

[Question] Mikhail Mikhailovich, what are the medical people striving to do?

[Kuzmenko] First of all the financing of the branch. Since we do have public medicine, the state must also finance it. In the first quarter, however, public health received 24 billion rubles [R], that is, a little more than 40 percent of the requirement.

In other words, whereas 3-4 percent of the gross national product went to medicine in 1991, it was just 1-6 percent in the first quarter of this year. It is planned to spend even less in the second quarter. It is necessary to spend a minimum of 7 to 9 percent. At the present time, there is a shortage of drugs and bandaging material and things have reached the point where in some places they are performing operations with razor blades. Ambulances cannot respond to a call, for they are allocated only 100 liters of gasoline per day. It costs R400-450 a day to keep a patient in the hospital.

Everything is fine when you listen to the minister. But if a manager of an oblast public health agency appeals to him, the response is: there is no financing, cope with your problems yourselves.

Our second demand involves wages. The average wage in the branch is R910. For a start, medical people need at least to reach the average level of wages for Russia and then they must be regulated in accordance with price increases.

[Question] How is the strike going?

[Kuzmenko] It began on 20 April. More and more collectives are gradually being involved in it. The action will reach a peak on the 28th and 29th of April and will end on 3 May. The central committee of the trade union

is performing a coordinating function, whereas the collectives themselves choose the form of their protest action—such as the refusal to perform planned operations or dispensary examinations, picketing, mass public meetings, and the like. Only emergency help will function without interruption.

[Question] And if your demands are not satisfied by 3 May?

[Kuzmenko] We will declare an unlimited strike. The state must concern itself with the health of the people. For we will die out.

A. Vorobyev, minister of health of Russia.

[Question] Andrey Ivanovich, comment on the situation, please.

[Vorobyev] I am convinced that such a strike cannot and must not take place. Can you imagine a strike of firemen during a fire? There has never been anything like this in the history of our medicine. I recognize the strike as one of the means by which working people fight for their interests but this means is not for physicians. The therapeutic process must not be disrupted! One must not protest to the government and thereby punish the patients. After all, there are many other ways to defend one's interests. Why call for the entire branch to strike?!

By the way, no professional worker has appealed to me. We could very well sit down and discuss our mutual grievances or suggestions and—the main thing—find a civilized way out of this situation.

[Question] What, in your view, are the reasons for the strike?

[Vorobyev] The main reason is understandable—the low wages of medical workers. And one must support their demands for higher wages. But this must be done through joint efforts. The idea that something can be gained through a strike with the demand "give, give, give!" is deceptive.

With the exception of a small number of institutions subordinate to the republic, public health is financed through local budgets, which are fed by taxes from the enterprises of their own region. The local authorities have all the juridical possibilities to give more money to public health and to raise wages.

[Question] What would you say to physicians who are preparing to begin a strike?

[Vorobyev] In the first place, wages are being raised by a factor of 1.8 beginning 1 May. But there are many other ways to increase incomes in the branch. Reassign empty beds, turning some of them over to 1-day in-patient clinics, and reduce the time that a patient stays in the hospital.

This strike cannot have positive results. The only possible consequence is disintegration.

The strike will not be a fight between its participants and the government or ministry. It is a struggle between the strikers and the population. And the ministry will defend the interests of the people.

Future of Medical Insurance Discussed

924A10204 Moscow IZVESTIYA in Russian 17 Apr 92 Morning Edition p 2

[Article by Yuri Vosenko, senior scientific associate, Russian Academy of Sciences Institute for Sociopolitical Research; date and place not given: "How We Will Be Treated Tomorrow Under Insured Medicine"]

[Text] Everyone is interested in knowing what will change in medical service with a transition to medical insurance. According to the Law "On Medical Insurance for Citizens of the RSFSR," as of 1993 medical treatment will fit in the framework of two types of insurance: mandatory and voluntary.

The state is allocating funds for fulfilling the base program of mandatory insurance for non-working people (children, students, pensioners, and invalids), and workers are mandatorily insured by their enterprises or institutions. Medical services not included in the base program will have to be paid for from one's own pocket through a voluntary contract with an insurance company. However, for the time being how much to pay and for what precisely is unclear, since the program was drafted in a most general form and does not contain such information.

Today the main question, where to find the money to fulfill this base program, remains unanswered. Dues from enterprises, as proposed, will be paid in the form of insurance deductions, entering into the structure of production costs, in an amount of 7-8 percent of the wage fund. Will all enterprises be "subject" to such dues? The state will pay for unprofitable state enterprises and budget organizations. Yet what about poorly profitable ones, which will go bankrupt paying the mandatory dues? Under conditions of economic crisis, there may be many of them.

It is also hard to overcome the sociopsychological barrier, the prejudice against paying for medical services, which is deeply rooted in people's awareness. After all, we are all used to "free" medicine. Its quality did not always suit us, but treatment was accessible and was not a material burden.

People relate differently to the introduction of paid medical services, depending on their social position and level of income. Of the 716 surveyed employees of state enterprises only 16 percent of the workers and 28 percent of the specialists supported the basic principle of medical insurance, the proposal that the minimum base level of medical service should be provided for free, and a higher level—by the citizens; 53 percent of workers and 23 percent of specialists believe that all forms of medical service, as before, should be free.

The people's doubts are not without grounds. Medical care under conditions of insured medicine, however steep it is, on the whole will cost more than now. Working adults now have to pay for many previously free services, for instance, for stomatological care. The cost of voluntary insurance will be fairly high and, possibly, inaccessible for those who are behind the poverty line or people who are often ill.

After all, insurance companies are above all commercial organizations, not charitable. Their main goal is to receive the maximum profit, not to help someone pay for treatment. This goal will be achieved when the sum of insurance dues received by the company from state and local budgets, from enterprises, and from citizens exceeds the sum of payments to medical institutions and their own tax expenses.

Naturally, the companies will strive to increase the amounts of insurance dues and to restrict the possibility of receiving insurance. Medical workers, in turn, try to raise the prices for their own services and salary correspondingly, without resorting to strikes.

The appetites of the one and the other can be moderated using medical-economic standards defining the real cost of treating various diseases and of medical services. Their development must be seriously accelerated, using the statistical base and experience accumulated by the physicians of Moscow, Nizhny Novgorod, Kemerovo, and other cities of the country.

Market relations are gradually shaping new concepts about ways of obtaining medical and other social benefits, based on the principles of required payment and free choice. The Lumpenized stereotype of receiving "free" benefits will be crowded out by the need for the self-support of each able-bodied person in combination with reliable social protection for the non-able-bodied. The amount, conditions, and quality of the medical care being given will be determined in many ways by the cost of the voluntary insurance that a person is in a condition to acquire.

I am sure that material interest in preserving one's health will appear only when a person realizes that he will have to be treated with his own money, which he may save and spend on something else. If you are not sick, strengthen your health. This can be successfully implemented only on the condition of uniting the resources of the state, the enterprise, and the citizen himself in an individual insurance policy, and with the use of a returnable form of insurance or the accumulation of unspent money in an individual pension fund.

Unfortunately, the proposed budget insurance model as before gives priority in the accumulation of insurance dues to the state and enterprise, whose funds have always been an abstraction for the person. The allocation of funds by enterprises or by the local administration for mandatory medical insurance in a depersonalized, general form for everyone according to the principle that

"the rich (effectively working) pay for the poor (ineffectively working), and the healthy—for the sick" will do little to encourage the concern of each for his own health.

A transition to insured medicine does not automatically guarantee an improvement in the quality of service. After all, at first the conditions for receiving medical care for the basic mass of people will remain as before. The level of supply of treatment institutions with equipment and pharmaceutical preparations will improve slowly. The right to the free choice of doctors and medical institutions under conditions in which it is the insurance company, and not the citizens, who concludes the contract with them, is only declared. The main component of quality, raising the professional skills of doctors, is not provided by medical insurance, but by radical changes in the system for educating and certifying cadres.

The introduction of insured medicine may be substantially complicated, if professional cadres of insurers, freely mastering the problems of legislation, financial activity, estimates of the quality of medical services, and marketing, are not trained in time.

If we manage to solve all the enumerated problems, insured medicine may develop successfully in our country. It will create favorable conditions for the formation of multi-structural health care and the further development of alternative structures for medical care.

Organization of Russian Writers' Union Engenders Controversy

924C1270A Moscow *LITERATURNAYA GAZETA* in Russian No 17, 22 Apr 92 p 3

[Article, unsigned, entitled "What Is Happening To Us?", subtitle "Notes from the Coordinating Council of the SRP [Russian Writers' Union]"]

[Text] The Coordinating Council of the Russian Writers' Union [SRP] which started on Thursday, April 16, just as we expected became, perhaps, the culmination of those disturbing events which have shaken the community of writers for a month now.

Before the start, two information bulletins from the board of the SRP were distributed to the participants, who had arrived from various cities in Russia, as well as from Armenia, Lithuania, and Estonia. One was about the proposed agenda. In the other there was a chronicle of current events from the world of writers. A detailed account was given, starting from March 17, of the decisions from the meeting of representatives from writers' organizations of the former USSR and the activity of the new organizing committee, for preparing a congress, under the leadership of Timur Pulatov which was created at this meeting. (By the way, the congress has been scheduled by the organizing committee for June 2 this year.) And not a word about the existence of another organizing committee, about the fact that first the secretariat, then a general meeting of the Moscow Writers'

Union expressed distrust in Pulatov as the first secretary of the executive committee of the Commonwealth of Writers' Unions (SSP), about the fact that he was removed from this position by the Council of Cochairmen of the SSP, and finally, about the very fact of registration of the Commonwealth of Writers' Unions and other such facts of no small importance.

Actually, it was suggested to the Coordinating Council that it resolve two key issues—membership in the SSP and participation in the congress. A report by the organizing secretary N. Kondakova on work that has been done was scheduled as well. But right away the agenda was broken by Ya. Kostyukovskiy, who asked for an explanation of what gave rise to the telegram, signed by I. Zolotusskiy and M. Kudimova and addressed to the Ministry of Justice of Russia, about the suspension of the SRP's membership in the SSP at the very moment of registration of the Commonwealth of Writers' Unions, one of whom's founders is the Russian Writers' Union. The explanation of M. Kudimova and the lengthy polemic accompanying it, alternating with charges accusing "the young leadership of the SRP of cooperation with Komsomolskiy Prospekt"—the Union of Writers of Russia, and responses about "civilized divorce", the economic advisability and the reluctance to convert the SRP into the "usual ideological establishment" ("it's not ideals that unite us, but interests"—A. Arkhangelskiy), took up the whole first part of the day.

After dinner scandal broke out. I. Fonyakov began to read a telegram received the day before by the Union of Writers of St. Petersburg:

"We bring to your notice that the Moscow group of Chernichenko-Kuykin, attempting by intrigue and slander a derailment of the ninth constituent congress and a schism of writers' ranks, is sending its representatives to your writers' organization. Their goal is to discredit the organizing committee, elected by your Union of Writers on March 17 of this year. We remind you once more that the representatives of the Chernichenko-Kuykin group do not represent anyone except those who are trying to seize literary funds, finances, publishing houses, Houses of Creativity, the fate of which might be decided collectively at the ninth constituent congress."

The telegram is signed on behalf of the organizing committee by Timur Pulatov and 27 other writers. But David Kugultinov, whose signature appears under this text, said to I. Fonyakov that he was seeing the telegram for the first time. On the spot the signatures were protested by the chairmen V. Kukyanin, M. Kudimova, and A. Abdumannonov, and after a phone call to Baku it turned out that M. Ibragimbekov didn't sign the telegram either. T. Pulatov left the hall. The story on the signatures forced even the hesitators to make a choice. The opinion of the hall was almost unanimous: no confidence in the organizing committee, from whose depth such telegrams could come, and to recall the

representative from the organizing committee and continue the work of preparing for the congress as the former organizing committee.

In the opinion of the presidium it is first necessary to investigate, forming a commission; "you don't have a quorum". . . There appeared to be a quorum at first, but after five hours of exhausting debate there apparently wasn't one anymore.

At a decisive moment a part of the leadership of the Union (I. Zolotusskiy, M. Kudimova, N. Kondakova, A. Ivanchenko, A. Lavrin) walked out of the hall with 12 members of the Coordinating Council following, wrecking the quorum for good. For a short time there were apparently two parallel meetings going on in different buildings. I. Shklyarevskiy, taking the role of truce envoy, found a way out of the impasse: on behalf of those who were left he invited those who had left to return, which they did. A. Ninov read to them a draft resolution which had been prepared during their absence: on the congress—it is inescapable; on Pulatov's organizing committee—that which was related about it above; on the former organizing committee—to recognize it as the only legitimate committee; on the Commonwealth of Writers' Unions—to confirm that the Union of Russian Writers is one of its founders, to consider the telegram by I. Zolotusskiy and M. Kudimova illegitimate. I. Zolotusskiy and A. Ivanchenko once again walked out of the hall, but the resolution (basically) at the suggestion of V. Lukyanin was passed with one abstention.

The next day at the urgent request of the writers from the provinces the Coordinating Council continued its work. At the intended strength (those who departed delegated their proxy to those who remained) and with the obvious absence of part of the Union leadership.

The organizational matters were decided as follows: the post of first secretary of the SRP was not approved at all, but the Council of Cochairmen and the board will continue working with its former members provided they agree with the decisions of the Coordinating Council. Plus Yuriy Karyakin, unanimously elected cochairman the day before at the suggestion of A. Lavrin, minus A. Lavrin himself, who relinquished his powers as a board member. In conclusion N. Kondakova spoke: evidently in the near future a faction will declare itself to the SRP, after which the leadership of the Union will report its decision. . .

Just what are the results? One could have spoken about the separate declared positions of the Union of Writers of Moscow, St. Petersburg, Kaliningrad, and, apparently, Armenia, if it were not for the writers from Murmansk, Bryansk, Lipetsk, Nizhniy Novgorod, and other cities who supported them on all fundamental issues. One could have lamented about the generational conflict, if there hadn't been representatives of various ages on both sides. One could have, as usual, cited the conflict of democrats, and let's say, conservatives, but then what to

do with P. Gradov's comment: "Brothers, what is going on? Right here are 99 percent of the people who consider themselves democrats. . ."

Obviously, in the writers' unions, as in the country, the time of two colors—white and red—has ended. Beginning are more complicated processes which we still have to examine. Together.

The board of the TsDL [Central House of Authors] has passed the following resolution: "Recognizing as necessary in TsDL the widest creative and political discussions, we consider intolerable placing the rostrum at the disposal of any illegal actions. In this connection we categorically condemn the statement of Peoples' Deputy S. Baburin given at a function for the newspaper DEN and defaming the president of Russia." The board asked R. Rozhdestvenskiy to reexamine his decision, taken as a protest against the TsDL board's holding of the function for the newspaper DEN, and to remain as chairman of the board.

SOYUZ Ethnographic Dictionary:

92UN0997A Moscow ZHIZN in Russian No 2, Jan 92
p 19

[Ethnographic dictionary entry edited by Doctor of Historical Sciences M.N. Guboglo and Doctor of Historical Sciences U.B. Simchenko: Cherkess]

[Text] Self-designation: **Adygey**.

According to the 1989 census there were 52,363 Cherkess living in the USSR.

In the past the term "Cherkess" was applied to all Adygey of the Northern Caucasus: Adygey, Kabard, and Cherkess.

Most Cherkess are settled along the Bolshoy and Maliy Zelenchuk, on Karachayevo-Cherkess territory, where the Cherkess alone account for some 10 percent of the population.

The ancestors of the Cherkess moved to this territory after the defeat of the Alan by the Mongolian hordes, starting with the 13th century.

In the 16th century, on the request of the Kabard Prince Temryuk, Ivan IV founded a fortified city on the Terek for the defense of the Kabard. Such a city was built opposite the estuary of the Suzha in 1567. This fortification blocked the way from the Black Sea to the Caspian to the Turks and the Crimeans.

Yet another fortified place was built in 1578, Koysu-Sulak or "Sheep's Water," which undermined even further the Turkish and Crimean positions in the Northern Caucasus.

In 1569 Sultan Selim II sent a large army toward Astrakhan. It was defeated with a daring attack mounted by the Cherkess.

In the 17th century, the Kabard and Cherkess participated in the campaigns waged by the Russian forces against the Krimchak and the Turks. The Persian aggression predisposed many North Caucasian peoples toward a union with Russia. The joint struggle against aggressors influenced the rapprochement of the Cherkess with the Russians.

The small city of Tersk, which was built on the estuary of the Terek, helped to settle the Tersk Cossacks who established friendly relations with the Kabard and Cherkess. After a period during which the Adygey peoples once again fell under the rule of Persia and Turkey, Russian influence in the Northern Caucasus began to grow again. A drastic change occurred after the Kuchuk Kaynardzhi Peace Treaty, with which the ties between the Crimea and Turkey were broken, and the Turks abandoned their aspiration to rule the Adygey peoples, once and for all.

Depending on their location, the Cherkess engaged essentially in animal husbandry and farming. They raised horses, cattle, sheep, and goats. The horse was the favorite animal of the Cherkess. Horse breeding was an honorable occupation. Year round the horses were kept under open skies. Until the age of three horses grazed in the summer pastures in the mountains, and in the plains in winter. Three-year old horses were broken and at the age of five they were considered suitable for riding. Youngsters learned to ride from their early childhood. Branding horses was a holiday. Princes had to be outstanding riders. After the birthing, which took place near the settlement, the cattle would be driven to the mountains for the summer and, by November, driven back to the settlement where, after leaving some of the animals were left behind in stalls, was driven to the pastures in the plains.

The domestic crafts of the Cherkess were poorly developed. The women made felt cloaks, coarse cloth, felt strips, and cord, treated sheepskins and other hides, wove reed mats and utensils made of vines, etc.

The men were familiar with blacksmithing and saddlery and made wooden utensils.

Settlements and housing were different in the mountains and in the foothills. The mountain settlements consisted of two-storied stone houses, while houses in the plains were made of daubed bricks.

Sunni Islam was the official religion of the Cherkess.

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SOYUZ Ethnographic Dictionary: Evenk

92UN0997B Moscow ZHIZN in Russian No 9, Mar 92
p 19

[Ethnographic dictionary entry edited by Doctor of Historical Sciences M.N. Guboglo and Doctor of Historical Sciences U.B. Simchenko: Evenk]

[Text] Self-designation **Evenk**, **ile** (upper reaches of the Lena, Podkamennaya, and Nizhnyaya Tunguska, lower reaches of the Vitima); **Mata** (Olekma), which means "person," **Orochen** (from the Transbaykal to Zey'skiy Rayon), meaning "of the reindeer." In Russian sources the Evenk were known as **Tungus**. In Manchuria, one of the reindeer groups of Evenk were known as **Yeke** or "Yakut" after the founder of the tribe. The horse-breeding Evenk along the Kumara and Kan-Khe Rivers were known as **Makyagir** or **Kumarchen**. The Birir Evenk group was known as **Birirchen**, the Solon group was known as **Solon**, the Transbaykal cattle breeders were known as **Murchen**.

According to the 1989 census there were 30,163 Evenk living in the USSR.

The Evenk language belongs to the Northern (Tungus) subgroup of Tungusik-Manchurian languages, which also include the languages of the Even and Negidal.

The Evenk are the main population of the Evenk Autonomous Okrug in Krasnoyarsk Krai. No single ethnic group in the Extreme North has settled over such a wide area as the Evenk: from the Ob and Irtysh to the Sea of Okhotsk, and from Baykal and Tunguski to the Arctic Ocean. Abroad, Evenk also inhabit northeastern China, Khingan spurs in Northern Manchuria, and the Mongolian People's Republic, in the vicinity of Iro and Buir-Nur Lakes. Evenk are divided into two big groups, based on the territory they occupy and the aspects of their economic way of life. The first is that of the reindeer breeders and hunters in the Siberian taiga, the second are horse and cattle breeders and, to a small extent, farmers in the southern Transbaykal and the border areas of China and Mongolia.

Apparently since Neolithic times the ancestors of the Evenk had inhabited the Baykal area. Anthropologically the Evenk are very similar to the Neolithic population of that region.

The Evenk hunting culture may be traced to deep antiquity. A type of Evenk settlements had already been developed by the ancient population near the Baykal: cone-shaped tents, with a variety of specific fishing items such as bone-carved fish traps, birch boats, and clothing.

Therefore, ancient Siberian elements were part of the development of the Evenk. Superimposed on them were Manchurian, Turkic, and Mongolian tribes, which led to the formation of the present ethnic group.

Russians met the Evenk for the first time in 1606 when they reached the Yenisey. Here, the right bank of the

river was inhabited by large groups of Evenk who took Russian citizenship in the 1610s-1620s. In the middle of the 17th century former Russian servicemen settled near the Baykal and the Transbaykal where they founded military settlements, such as the Barguzinskiy, Nerchinskiy, and other stockades.

Since ancient times the taiga Evenk have been hunters and fishermen. They hunted essentially ungulate animals for meat, such as wild reindeer, elk, roe deer, and musk-deer. They used most of the meat and the hides for roofing and clothing. The animals were hunted with crossbows from places of concealment, and pursued. In the autumn the reindeer were lured with special calling sounds. The Evenk always preferred the active hunting of fur game. The hunter carried everything on their backs. The Evenk had a special device which allowed them to carry heavy loads on their backs, a basket-shaped harness with two straps and several strings, a special grooved hand-pushed sledge, skis, and bows of different types.

The Evenk believed in shamanism. Many of their traditional cults have been retained to this day.

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SOYUZ Ethnographic Dictionary: Shors

92UN0997C Moscow ZHIZN in Russian No 8, Feb 92
p 19

[Ethnographic dictionary entry edited by Doctor of Historical Sciences M.N. Guboglo and Doctor of Historical Sciences U.B. Simchenko: Shors]

[Text] **Shor** is the self-designation of the entire large group of Turkic-language people, previously known as "Mrassa Tatars," "Kuznets Tatars" or "Kondoma Tatars." The name Shors was adopted only during the Soviet period. The Shors describe themselves either by the name of their *seok*—tribe—to which a given group belonged, or by the place where they lived: the Kobyy, Karga, or Kyy tribes, Mras-Kizhi or "Mras people," "Mondym-Chony" or "Kondoma people," "Chish Kizhi" or "people of the taiga," etc.

According to the 1989 census, there were 16,652 Shors living in the USSR.

The Shor language belongs to the Northeastern (Uyghur) group, which includes a number of dialects of the Khakas language, and the language of the Northern Altay—Chelkan, Kumand, and Tubalar.

The Shors live in the foothills of the Kuznetsk Alatau, along the Rivers Tom, Kondoma, and Mras-Su.

In the 17th century a large group of Shors moved in the area between the left tributaries of the Abakan, where they were known as the Sagay and which they settled in several administratively divided clans—Kivin, Kargan, Karachin, and others, and gradually merged with the Khakas.

Gornaya Shoriya is a mountain taiga with tempestuous rivers.

Representatives of the Russian state met with the Shors on the Kondoma River in the 17th century. Since then the Shors have been mentioned in Siberian chronicles under different names. In the 18th century, Fisher and Miller described them in their works as the native population of the Kuznetsk taiga. The name "Shors" was introduced by missionaries of the Altay spiritual mission, who founded the first missionary camp on the Kondoma River in 1858.

The origin of the Shors has been extensively studied. Judging by the ethnography, language, folklore, and toponymics—the name of the places—the Shor people are the descendants of the Turkified Ugrian-Samoyedic tribes and Kettic-speaking ancient population of that territory. The Shors are the Turkified descendants of these groups, as confirmed by anthropological data which put together the racial types of the Shors with the Khanti and Mansi. Linguistic studies indicate that the local Uralic-speaking tribes were Turkified ancient Altay, Uygur, and Yenisey-Kyrgyz elements in the sixteenth centuries, during the change of power of the Turkic to the Uygur and Kyrgyz Kaganates. This Turkification did not affect the language only. The local groups constantly mixed with the ancient Turks themselves and with ancient Mongolian groups.

In this respect, the Shors remind us of their neighbors—the northern groups of Altays—Chelkan, Kumandin, and Tubalar. This explains a certain linguistic commonality between the Shors and the nations of the Ugrian-Samoyedic group. On the other hand, of the various religious beliefs, it was precisely the Shors who preserved the elements and outlook of the ancient Turks.

The Shors were noted among all the peoples of Siberia for their skill as iron mongers. As early as the start of the 17th century, the main occupation of the Shors along the Rivers Tom, Mras-Su, and Kondoma was iron mongering. It was this occupation that led to the name of the Shors, for in Russian sources they were known as the "blacksmith Tatars," "blacksmith people" and their location as "blacksmith land." The Russian Kuznetskiy stockade was named after that land, and even the taxation of these people by the Russian administration was known as "going to the blacksmiths." It was this old name that was adopted by the largest coal and metallurgical basin of our time.

The Shors were shamanists. They have retained the traditional cults of the forces of nature, their craft cult, and the ancient worship customs of their ancestors.

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SOYUZ Ethnographic Dictionary: Tsigane

92UN0997D Moscow ZHIZN in Russian No 1, Jan 92
p 19

[Ethnographic dictionary entry edited by Doctor of Historical Sciences M.N. Guboglo and Doctor of Historical Sciences U.B. Simchenko: Tsigane]

[Text] Self-designation: **Roma** (from the Greek words which refer to Manicheans, heretics), **Lom** and **Dom** (in the Caucasus), or **Mazang**, **Dzhugi**, or **Lyuli** in Central Asia.

The ethnonym "Tsigane" by which this ethnic group is known among the Russians, may be traced to the Turkish word "chingine" which, in turn, is related to the name of one of the medieval Greek sects (Antigana or Athingai). The British name for the gypsies is Egyptians (probably because of oral gypsy legends about their long stay in Egypt on their way from India to Europe); the Hungarians know them as the "Pharaoh tribe;" the Italians know them as Zingari, the Dutch as "pagans," and the Finns as "the blacks." The French had initially named them after the English—Egyptians, then changed it to "Bohemians."

It is assumed that the total number of gypsies throughout the world is close to 1.5 million. It is not excluded that, actually, the number of gypsies is substantially higher.

The 1989 census recorded 262,015 gypsies in the USSR.

Anthropologically, the gypsies are members of the Indo-Mediterranean race of the Big Europeid race.

The gypsy language is part of the Indoaryan group of the Indo-European language family. It has two groups of dialects: northern (RSFSR, Belarus, part of Ukraine) and southern (Moldova, and most rayons in Ukraine).

The northern dialect is the base of the literary language, written in the Russian alphabet.

At the beginning of the 15th century, nomad gypsy tribes appeared in Europe. Almost immediately a great interest developed in their origins and past history which by then they had managed to forget in the course of their endless roaming. The efforts of several generations of scientists were required to unravel the puzzle of their ethnic origin and to determine that the genetic roots of that group could be traced to ancient India.

After leaving India at the end of the first millennium AD, the ancestors of the gypsies moved west. Initially, they settled in Asia Minor, and Egypt, after which they moved to the eastern borders of the Byzantine Empire. Subsequently, roughly in the 11th and 12th centuries, they found themselves in the Balkan Peninsula, surrounded by Greeks, and were thus influenced by Greek culture.

In the 15th and 16th centuries, having surmounted the negative attitude of their environment, they dispersed among European countries and, subsequently, moved to

North Africa. By the end of the 19th century individual groups of gypsies had reached Australia and North and South America.

Within Russia, gypsies appeared initially at its southern and western borders: in Bessarabia, in the 15th century; Belorussia in the 16th, and Ukraine in the 17th. The migration followed two flows: southern—from the Balkan Peninsula, and northern—across Germany and Poland.

The traditional occupations of the gypsies were closely related to their way of life, including the fact that they numbered a variety of sub-ethnic groups (Kelderar, Lovar, Serv, etc.); they could be classified into nomad, semi-settled, and settled. The settled gypsies specialized in a variety of crafts: blacksmithing and jewelry, making and tinning utensils, sieve making, and repairing metal objects. The traditional occupation of nomad gypsies, particularly in the past, was well-known: men traded in horses and tamed animals, women engaged in fortune telling, a variety of other occupations, and begging.

The gypsies have various religious affiliations. In Russia and in today's European part of the USSR most believing gypsies are Orthodox; the Persian gypsies are Shiite Muslim; in Turkey, the Crimea, and Central Asia, they are Sunni Muslim; in Western Europe, they are Roman Catholic or Protestant.

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REGIONAL AFFAIRS

Economic Reporting From Tatarstan

Deputy Finance Minister on Relations With Russia

92C13414 Kazan KAZANSKIYE VEDOMOSTI
in Russian 20 Mar 92 p 8

[Interview with R. Kaneyeva, deputy finance minister of Tatarstan, by A. Ganeyeva, under the rubric "On the Way to Referendum", place and date not given: "Sovereignty Must Be Given Economic Content"]

[Text] We asked the deputy finance minister of Tatarstan, R. Kaneyeva, to talk about the future in our republic's relations with Russia.

[KAZANSKIYE VEDOMOSTI] Roza Abdrakhmanovna, why has the signing of the treaty with Russia dragged on?

[Kaneyeva] I would cite the chief reason as being the fact that we have been unable to come to an agreement on several issues. Above all, disagreement has arisen over the system of allocating income to the budget. Our republic proposed a one-channel system and Russia a two-channel one.

[KAZANSKIYE VEDOMOSTI] Tell us, please, what is the advantage of one system or the other?

[Kaneyeva] The essence of a one-channel system is in its name. According to it, all taxes collected in Tatarstan go into the republic budget and then we transfer a specific sum to the Russian Federation for specific purposes. A one-channel budget is good because taxpayers have someone to ask about how their money is being spent and for what. Our government has to account for the undertakings the various sums are allocated to.

The two-channel system resembles the old allocations model, when, without anyone consulting us, the money we earned was sent to implement unapproved, rarely effective, and often mistaken projects. In the two-channel system of budget formation we would keep some of the taxes and give the rest to Russia. For example, according to a decree of President Yeltsin, 20 percent of the value-added tax goes to the republics of the Russian Federation. In the scheduled figures presented for 1992, the government of Russia envisages including only 0.7 percent in the Tatarstan budget, and the remaining 99.3 percent is subject to inclusion in the Federation's budget.

So that the negotiation process is not over yet. Issues of budget formation, the tax system, and others remain open.

[KAZANSKIYE VEDOMOSTI] Does Tatarstan, as it follows the path of further sovereignty, need to introduce a national currency?

[Kaneyeva] Based on the experience of a few other republics of the CIS [Commonwealth of Independent States], it is evident how ruinous the introduction of a national currency can be for an unconsolidated economy. Ukraine could be an example.

For us other problems are more important right now: social protection for the republic's citizens; prevention of mass unemployment, the sharp drop in production volumes; and enterprise closings. We have too many other more important problems besides the introduction of a national currency and establishing borders and customs.

[KAZANSKIYE VEDOMOSTI] What problems specifically require a greater level of sovereignty than we have today to solve?

[Kaneyeva] The negotiations process with the Russian Federation has allowed Tatarstan to establish foreign economic ties, to dispose of a portion of the output created in the republic, and to receive specific currency allocations.

But we still do not have a concrete decision on the formation of a one-channel budget, which is essential for providing our sovereignty with economic content. Income created in the republic should be disposed of by its people. This is the pledge of Tatarstan's future economic prosperity.

I believe that a mere two-percent of currency allocations to the fund of our republic from the foreign economic activities of Tatarstan enterprises is also insufficient, especially when Russia gets 40 percent. There are several other questions that have to be solved in the course of the negotiations process as well.

We are not rejecting the state foreign and domestic economic duty that is also defined in equal contractual relations with the Russian Federation.

[KAZANSKIYE VEDOMOSTI] How are things going with the joint enterprises situated on the territory of Tatarstan?

[Kaneyeva] These enterprises are the joint property of Russia and Tatarstan. Questions of their financing are now at the resolution stage.

In conclusion I would like to say: the economy of our republic is so integrated into the economy of Russia that it simply makes no sense to break off with it. Only on the basis of mutually advantageous agreements will we be able to build future relations with the Russian Federation and the other states in the CIS.

Kazan Universal Exchange Operations Viewed

924C1341B Kazan KAZANSKIYE VEDOMOSTI
in Russian 19 Mar 92 p 3

[Report by A. Olgin; place and date not given: "Your Partner—the Kazan Exchange"]

[Text] It's hard to write about exchanges, above all because at first glance they are all identical. Secondly, what is there interesting to write about the fact that auctions were held, so many deals were made, this was sold, that was bought, and for that amount? Thirdly, we're already sick and tired of them from TV. But they have to be written about, for the exchanges are a reality, and the exchange movement has in some way anticipated the transition to the market. By the way, for the uninitiated I should explain: an exchange is a big bazaar where some can sell things and others can buy. The bazaar itself (read: exchange) cannot buy or sell. Like a bazaar, an exchange has its own laws, rules, and principles.

In this material the discussion will be about the Kazan Universal Exchange (KUB), one of Tatarstan's commercial structures. Today the KUB's stockbrokers mark an important date—the first financial meeting, the first summing up. After receiving licensing from the Russian State Committee on Antimonopoly Policy and Support for New Economic Structures to carry on exchange activities and transform the KUB from a company with limited responsibility into an open-type joint-stock company, the exchange leadership is planning to bring in new members and extend the number of shareholders.

The history of the exchange in Kazan goes back to 1866, when Tsar Aleksandr II signed a decree creating the first Kazan Exchange. This commercial center was the largest

in Russia after the Saint Petersburg Exchange. The success of the Kazan Exchange was explained by the city's advantageous geographical location at the crossroads of the east-west trade routes, the presence of major industrial enterprises, and the high level of education of its specialists. We shall hope that the KUB, like Yoldyz, the VKB [no expansion provided], and the Tatarstan MBTs [no expansion provided], will become a worthy inheritor of the good traditions of Kazan stockbrokers. Especially since acting as its founders are such "whales" of production as the Nizhnekamskneftekhim, Orgsintez, Tasma, the Lenin NPO (Scientific Production Association), and others.

The first KUB auctions were held in the fall of 1991. Their results exceeded all expectations. Since then 24 auction sessions have been held at the exchange and 298 deals concluded worth a total of 73,543,908 rubles [R], for an average per deal of about a quarter of a million rubles. There are also unique records. For example, one auction offered goods worth R2 billion, and the record for a sale at a single auction was R45 million. The exchange donated R54,000 for the treatment of a seriously ill child.

Acquainting us with the exchange, the marketing director, V. Gritskikh, said:

"One of the features of our exchange is its staff, the people working in our structure. Their common trait is literacy, competence, and efficiency. More than 150 brokerage firms are operating at the exchange, and about 20 exchanges participate in goods exchange operations at the KUB. We are fighting hard for the unification of Tatarstan's numerous exchange, for this is a logical result of the development of the exchange movement. By uniting with the Tatarstan Interregional Exchange Center, we are working to create on its base a center for interexchange auctions. Working with our exchange are two joint-stock companies: the legal firm Konsul, and the transport firm Avtofrakht."

Joining the conversation is V. Isayenkov, KUB general director:

"The dynamics of the development of our activities are satisfactory, despite all the obstacles of a legal nature. It makes us happy that the directors of many of the city's industrial enterprises have reached out to us. At the upcoming meeting we are going to increase our statutory fund to R25 million, and the number of our shareholders will grow."

The plans of the exchange's leadership include enlarging the actual structure of the center and creating a fund department, an insurance company, and a trade house. An important line of activity is the search for ways to cooperate with exchanges of other regions, especially the Siberian-Ural region. The KUB is taking an active part in organizing the European Exchange Ring. Work is under way to improve the information system. Electronic mail will allow us to solve many problems. And of

course, the unification of the city's exchanges, the creation of a unitary information system, the formation of a powerful exchange center with sections for each type of good and auxiliary companies is the dream of the directors of the Kazan Universal Exchange.

Economic Reporting From Volgograd Oblast

Oblast Budgetary Problems Viewed

924C1340A Volgograd VOLGOGRADSKAYA PRAVDA
in Russian 28 Mar 92 p 1

[Reader's letter, under the rubric "Response"; place and date not given: "Where Did the Millions Go?"]

[Text] Having acquainted himself with VP [VOLGOGRADSKAYA PRAVDA], a reader of ours got to thinking about the state of the oblast budget.

A curious comment was published in the 5 February issue of VP, "How Are We Going to Patch the Gaps in the Treasury?" In it, the head of the financial administration of the economics and finance committee of the oblast administration, S. Ye. Paretskiy, laments that in January the sum of money anticipated from the forecasts were not paid into the oblast budget. His concern over the existing situation is understandable. But what are the reasons for it? That is what this comment does not mention.

Judge for yourself. Of the 143 million rubles [R] anticipated from the value-added tax, R1.8 million was taken in. This is even hard to calculate a percentage on. And where are the rest of the millions? Since 2 January, 28 percent has been meticulously taken from the consumer for any purchase or service rendered. The same percentage has even been tacked on to non-cash operations for the value of the good or service. This means this money went into the business, domestic service enterprise, communications enterprise, industry, transport, and so on. Where did it go?

The oblast budget's receipt of value-added taxes and tax on profits, as well as the formation of a stabilization fund, are mandatory. These are fixed payments. They are envisaged by the corresponding laws and statutes of the government. What is the matter?

Without analyzing the reasons for the irresponsibility of those responsible for the budget's formation, the head of the finance administration laments the poor work of the tax inspectorate. So he proposes a solution—curtail the network of budgetary organizations. That's right. Don't build, just break, and your soul won't ache. Let's destroy the schools, institutes, hospitals, kindergartens, cultural institutions, organizations, and administrations. But after all, they don't simply exist, they perform certain functions in society. Working in these organizations are people, specialists, professionals experienced at their work.

Maybe we should give some thought to another question. Why are the structures called upon to monitor the formation of the oblast budget not working? Those enterprises and organizations not coming up with the fixed payments need to be published and economic and legal sanctions employed against them.

Who is monitoring the activities of those trading outside the market in shoes, perfume, cigarettes, vodka—and in large quantities, too? First of all, where do they get it, and secondly, are they paying the fixed payments into the budget? And finally, what about the giants of industry, the small enterprises, the cooperatives, and so on.

Here is where, in my opinion, the basic reserve is to be found for the formation of the local budget. And if the structures of authority from the rayon to the oblast cannot ensure that these payments get into the budget and see their only solution in cutting back the network of budgetary organizations, let's start with ourselves. Let's disband the tax inspectorate, the finance administration, and the corresponding departments in the rayons and in that way patch the gaps in the treasury. For long?

[Signed] N. Yurkov

Volgograd Universal Exchange Director Interviewed

924C1340B Volgograd VOLGOGRADSKAYA PRAVDA
in Russian 28 Mar 92 p 5

[Interview with B. A. Potanin, president of the Volgograd Universal Exchange, by I. Malina; place and date not given: "No Advertisement Needed. Stockbrokers Aren't Born"]

[Text] Finding the Volgograd Universal Exchange [VUB] proved to be no easy matter. Knowing it was located at the river terminal, I went around to a dozen offices and wasted 20 minutes before some good person took me to the office of VUB president Potanin. Boris Anatolyevich met me dryly and officially, asked me to sit down, and did not fail to comment that those 20 minutes could "cost him a pretty penny" since he had had to reschedule two business conversations.

[Potanin] We are half a year old (he smiled). Have we done a lot in that time? More could have been done, of course, but you have to take into account the difficulties of the organizational period: first you need one piece of paper for registration, then another. Oh well, enough—that stage is over. For today I would say that the Volgograd Universal Exchange is, one could say, a state exchange, its activities having been determined by the oblast leadership. Taking into account the oblast's essential needs, naturally.

By the way, few people know it, but today we already have clear-cut ties with exchanges in Astrakhan and Rostov oblasts, Kalmykia, and the Northern Caucasus. I'm not going to reveal any business secrets but this

collaboration will help us take control of a stream of basic materials—metal, chemical and building materials—and interest shareholders and consumers in selling goods through the exchange.

Grain is a separate matter, as is bread. Each exchange collaborating with us has its own specialty. We are planning to specialize in grain and can only come out the winners. On one hand, the oblast will have bread; on the other, we can always barter it for what we need.

[VOLGOGRADSKAYA PRAVDA] Boris Anatolyevich, maybe I missed something, but what specifically is universal about your exchange?

[Potanin] We are already functioning along two lines: for goods and materials and as an exchange. Our immediate plans call for active mediation in the sale of real estate.

[VOLGOGRADSKAYA PRAVDA] I've heard that you have already received licensing for your exchange activities. Can't you say more concretely what prospects are opening up for the exchange in this connection?

[Potanin] It has the right to sell securities. Right now, joint-stock companies are popping up like mushrooms, and they, in turn, need a compass to help them orient themselves properly in the securities market. Our exchange department is going to be just that compass.

[VOLGOGRADSKAYA PRAVDA] You will agree, though, Boris Anatolyevich, that in our extreme economic situation, for even a small farming business to survive, it takes much broader territorial collaboration and not just restricting yourself to a small region.

[Potanin] But we aren't restricting ourselves to anything! Cooperation contracts have been signed with 70 exchanges in the country. In the works, too, are proposals for international collaboration. What kinds of proposals specifically? For now that's a commercial secret. I can name one company, though, where the issue has been completely resolved. Polservis has joined the list of VUB shareholders.

[VOLGOGRADSKAYA PRAVDA] Effective cooperation with companies that have high marks takes personnel.

[Potanin] I will say honestly, there are no pure stockbrokers among us, inasmuch as this is a new business. This does not scare us, though. Virtually all the exchange's associates are specialists with higher education. And most important, having a commercial bent, they're burning to continue their studies. And the possibility for this is a real one. The Academy of Sciences has responded and is holding special seminars there for stockbrokers.

I would point out that relations in our collective differ substantially from those reigning in state enterprises. Each associate understands quite well that money has to be earned, not received.

A Few Words About My Companion

Boris Potanin is 45 years old. He graduated from Volgograd Polytechnic Institute and worked at Barrikady as a manager. He is married and is raising two children. He considers his work his hobby.

P.S. When this material was ready for press, we found out that elections had been held for the president of the Volgograd Universal Exchange and that B. Potanin had been elected president.

Confusion Follows Conversion to Municipal Property

924C1340C Volgograd VOLGOGRADSKAYA PRAVDA in Russian 4 Apr 92 p 2

[Article by VP correspondent V. Makevnina, under the rubric "Market Relations: A Point-Blank Question"; place and date not given: "Somebody Privatize Us, Anybody"]

[Text] "We don't even know who we are dealing with, who we are working with, now. The director seems to have renounced us, he said that now he's the director of the small Uyt [Comfort] enterprise. But maybe that's just people talking: it's been a long time since he's shown his face around here. What's going to happen to us, god only knows," the women told me. They spoke good-naturedly and surprisingly matter-of-factly somehow, despite the unusual nature of the situation they have found themselves in.

This conversation is going on in the sewing shop of the domestic services production association half a month after an official announcement appeared in the local newspaper: the property of the RPO [rayon production association] has been converted to municipal property, and the rayon administration, in conjunction with the association's labor collective, has taken on the right of management. It was followed by these lines: right now, it said, small enterprises are being created here for sewing clothes, footwear.... They are still working out their charters, wage systems, and supplies. I got this information from Popov, the deputy head of the rayon administration, as well. The ultimate goal of all this work is to privatize enterprises: the plan is for up to 60 percent of these kinds of small subdivisions to be redeemed.

The women also talked about how the sewing shop that now hangs in an air of the greatest possible indeterminacy was in fact run:

"There was nothing to work with. They brought us fabric, ordinary cotton at 95 rubles [R] a meter, the rayon traded something for it for us. But who knows whether they're going to take pants from it or not. What about those jerseys—one of them alone now costs half a thousand—sew it up or not? If people aren't going to buy, where can we go?"

"Because of the low workload, the seamstresses' pay came out to R200-300 in January. The RPO couldn't even find the money to bring their pay up to the minimum."

"And if the seamstresses do have a full workload?" I inquired of engineer-technologist N. E. Gavrilova.

"Then, certainly, they earn accordingly," said Natalya Yefimovna, and she named a sum: all of R400-500 apiece.

Actually, there might not even be that now. A temporary labor agreement has just been signed with the collective. But what's going to happen to people in the future?

At the rayon state property administration committee they told the seamstresses: either find someone who can help you organize an independent collective based on the shop, or you'll end up on the street. It's easy to say—find someone. They suggested Gavrilova head up the new business; Natalya Yefimovna would have no part of it.

The rayon administration suggested that the RPO director, V. S. Kuznetsov, take up the organization of the new business. "Create it with whom?" he declined. "If people are waiting the way they did before for someone to serve them something ready-made on a plate." By the way, Kuznetsov, whom the women are now criticizing, suggested last year that the collective buy the enterprise. An economist calculated that this would take about R5000 from each of them. People refused, citing a lack of money. More than likely, though, knowing their modest opportunities, they were convinced in advance that they wouldn't last. They'd go bust!

However much we curse the present market, however much it now resembles a noisy bazaar without procedure or rules, it has still manifested one virtue. It has illuminated like an x-ray each one of us: who's who. Here's a leader, but in any case a significant part of him in fact proved increasingly passive. He hung behind the director's back. Suddenly this buttress was gone, tomorrow the total unknown awaits people, and what do they say? "If only someone would privatize us," dream the domestic workers. The only thing they proved capable of...

At the local dairy the mood is the same. Here it's the same situation, an even worse version even. Apart from the tendency, persistent in recent years, for milk production to decline in the rayon, and consequently for a lack of raw materials, the collective today has on its neck an incomplete dairy with a remaining cost of R2.5 million, which the 40-person collective is simply in no position to handle now. What about privatization? It's being put off. People seem to understand that it's better to become bosses of an enterprise themselves, and there is no particular faith that some rich uncle is going to show up out of nowhere for this, although they discuss the topic in utter sincerity once again: what will happen if someone from the outside suddenly buys the plant?

However, the director of the small RPO-based Uyt enterprise, the plans for which also include the creation of its own sewing shop, is not hiding anything; he very simply does not see potential workers from among the present seamstresses. He says he has prospects for professionals of a higher class.

I remember a conversation with I. I. Zershchikov, a private entrepreneur of an appliance repair shop, where he has been paying all expenses out of his personal income for a long time, and he has learned somehow to balance things so as not to go bust. But the moment I hinted at privatization, he didn't want to talk about it.

"Maybe others will go for that because they haven't tried to take in and pay out yet. So far they've only learned the former. But I don't believe that anything worthwhile will ever come of this venture for them. Our material-technical base gives me grave doubts."

The program for privatizing the rayon's enterprises in the near future includes, in addition to the already mentioned subdivisions, two construction organizations, a road organization, an agro-service, and others. However, there still hasn't been a single application for privatization.

I am deeply convinced: people are not ready to become property owners. They can't right away! Because they are materially cramped, they don't see the prospect for resolving the main problem—supplying raw and other materials. And above all—and this may be the most important—they are unprepared economically.

Life for many in that same sewing shop, you could say, has passed them by. Workers related to their business the way they were taught—or maybe untaught? Right now, in virtually a few days, they'll find themselves overboard.

Are people really going to be drowning in the market sea right before our eyes? And are they going to hear anything from us besides "Save yourself"?

There are 15 in the sewing shop, the largest collective in the former RPO. But how many collectives like that are there in the towns and villages?

Are we not up to sentiments in our practical era? Will the strongest survive? No, in my opinion, this problem is at least worth our consideration. A dream on the theme "If only someone would privatize us!" sounds, you will agree, just too hopelessly sad. In any case, particular hopes for the speedy privatization of enterprises, and preferably by visiting merchants with a fat purse of doubtful origin, specifically, the local Bosses, are not worth fostering.

In any case, the local administration here needs to actively create new jobs and working conditions for labor collectives, not take on a passive, temporizing role.

City Council Adopts 1st Quarter Budget

924C1340D Volgograd VOLGOGRADSKAYA PRAVDA
in Russian 4 Apr 92 p 2

[Article by N. Maksimova, under the rubric "Comments on the Volgograd City Council Session"; place and date not given: "It All Starts with the Ruble"]

[Text] The eighth session of the Volgograd City Congress of People's Deputies is over. The deputies passed a city budget for the first quarter of 1992. And although there were conversations in the corridors concerning the absurdity of the situation itself—the quarter is nearly over—nonetheless the draft resolution was passed unanimously. But what can be done if teachers and health workers need to be paid, and so do subsidies for children, and the rayons need to be helped materially as well?

In short, it was essential to approve existing expenditures for protected groups totaling 155.2 million rubles [R]. For the normal functioning of city management, however, the expenditure part of the budget comes to nearly R920 million. According to city finance department calculations, only R423 million in income is expected. This means a deficit of nearly R488 million. The session of the oblast council did not listen to the proposals of the city administration and the city council leadership to increase the basic normative formation of Volgograd's budget.

To counter, the city council deputies decided to address a demand to the session of the oblast council to pass the city leadership's proposal as well as instruct the city administration and the city council chairman to appeal to the Supreme Council and the government of Russia to give Volgograd a subvention for the formation of a balanced budget. Especially—and the speech of the chairman of the city council's planning and budget commission, A. S. Plotnikov, was devoted to this—attention must be paid to the economy itself, as well as the elaboration of measures to encourage production and in such a way as not to damage enterprises' economic interests.

The elaboration of strategy and tactics will be taken up by the city administration, the deputies, entrepreneurs, economists...

Apparently now it will be a little easier for the administration to work toward the future: this session approved the structure of the city's administration, which means that the organizational period for restructuring and arranging is over. The head of the city administration has eight deputies. One of them, being simultaneously the chairman of the environmental protection committee, receives extra-budgetary support. All the lines of activity that in the final analysis converge in the head have been encompassed: economic reform in all branches and social protection. By the way, in the discussion, the issue of who was to be first deputy was discussed. An "economist" or a "social protector"? In the proposed structure the palm of primacy was given to

A. A. Yushchenko, the deputy looking after the social protection of the people of Volgograd. Many deputies have posed a reasonable question, though: "Isn't it more important first to find the funds for that protection?" Right now economics is more important!" In response, however, deputies supporting other views besieged them no less reasonably: "We have many economist-bureaucrats, reform is going nowhere, and here a political game is being played out against Yushchenko himself!" Let us explain: A. A. Yushchenko, in the recent past a senior lecturer at the polytechnic institute, was proposed for the team of the head of the city administration by a bloc of Volgograd parties of democratic orientation.

In addition, the session approved the new appointments: I. M. Chernyaga, head of the city's education administration, A. N. Voronov, head of the city's department of culture, and E. M. Drozdov, head of the city's health care department.

Chechen 'Mafia' Activities in Moscow

924C1293A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 25 Apr 92 p 3

[Article by I. Baranovskiy, "This 'Mafia' Does Not Recognize Thieves in Its Law"; Comment by S. Bogdanov, deputy chief of the Press Service of the Moscow Administration of the Russian Ministry of Security, and V. Zavyalov, associate of the Department To Combat Organized Crime of the Moscow Administration of the Russian Ministry of Security]

[Text] In the last few months, the Chechen government has repeatedly appealed to the peoples of the Caucasus to rally in the face of threats from outside, and to create unified armed forces. Chechen itself, in the words of General Dudayev, if relations with Russia are exacerbated, is ready to arm up to 600,000 persons. Grozny is groping for other levers of opposition to the Russian government. They include turning Moscow into a disaster area. At the same time, the president of the republic has more than once declared: There are reliable mechanisms to carry out this operation. On what forces is Dzhokhar Dudayev counting?

No Longer a Gang, Not Yet a "Cosa Nostra"

At the beginning of March, a curious message came from Grozny: Dzhokhar Dudayev had signed a ukase "On Carrying Out the Decisions of Foreign Courts and Arbitrations in the Chechen Republic." According to this ukase, not one single criminal on the republic's territory would be handed over to the state, which so far had not recognized the independence of Chechen. In a word, this little corner of the Northern Caucasus can turn into a unique preserve for gangsters of various countries and peoples. The recent flight to Grozny of the terrorists who had seized a motorbus with hostages in Lermontov confirms these dangers.

It is not hard to imagine the feeling with which the news of the Dudayev indulgence was met in the criminal world—particularly in the Moscow world. After all, it is here, according to the data of the MVD [Ministry of Internal Affairs] and of the special services, that the major criminal groups of Chechens are based. As far back as January 1990, Aslanbek Aslakhanov, present chairman of the Commission for Legality, Law and Order of the Supreme Soviet of Russia, and at that time an associate on the central staff of the USSR MVD, wrote, in a report on behalf of Minister Vadim Bakatin: "Organized criminal groups of racketeers have been active in Moscow recently.... The most dangerous of them is the so-called 'Chechen' group, which commits daring, particularly brutal crimes."

There are three major Chechen groups in action in Moscow today—the central, the motor vehicle and the Ostankino. Each of them has a well-defined structure: leader, senior militants, hitmen and people on the take. The groups interact closely with each other, and have their own "obshchak" and black cashbox. The money from it is spent to pay for the services of lawyers, bribe informers in police and Kagebeshnyy [KGB-type] pursuits, and support the families of those arrested. A bribe of a million rubles to release a fellow-clansman is a commonplace matter: such offers have been made to police investigators more than once recently. No one would hazard a guess as to the total amount of money in the "obshchak." Apparently, it is a question of hundreds of millions of rubles.

Incidentally, according to information available, its custodian, Musa T., nicknamed "The Elder," reported on the safekeeping of the cash-box on 27 November of last year. That day, an all-union congress of the leaders of the Chechen groups took place on the seventh floor of the Ukraina Hotel. It was attended by 150 people, from Khasavyurt, Stavropol, Chimkent, Tver, Tashkent and Moscow. The talk, according to the data from the special services, centered around new ways of money laundering, setting up a legal aid fund and active job placement for Chechen citizens in every possible type of commercial enterprise. The question of interrelations with Grozny was, of course, also discussed, but we did not succeed in finding out the context.

As our sources attest, the Chechen groups in the capital also have their own unified counter-intelligence and security service. Akhmet M. liaises with it, basing himself in the Belgrad Hotel, as does Musa "The Younger"—brother of the cash-box custodian. In addition, the groups have about 500 conspirator apartments in Moscow at their disposal. Some of them are used exclusively as mail-boxes—for communication. The Kashtan restaurant serves for these purposes as well. They say that here you can make an inquiry about the location of any Chechen that interests you who is living in the capital. On condition, of course, that you are from his district.

If danger threatens the interests of the Chechens, an emergency general collection is announced. For example, after the Ivanteyev group attacked the Voskhod Cafe in October of 1990, when three Caucasus citizens died, over 500 Chechens gathered on the Ring Road. Death sentences were issued for the five leaders of the Russian groups. Volunteers swore on the Koran and bread to carry them out. Five million rubles [R] was immediately collected for their legal defense and the support of their families during the presupposed incarceration for the homicide. Incidentally, it is mainly the young people who are called up for these matters, since after they are released, their position in the structure of the community rises considerably. As for those sentenced, extreme measures were taken for their protection: their personal guard was reinforced, they were given additional weapons, and "lay low" for a while. Today the Chechen Mafia in Moscow has about 1,500 active members. Taken together with the "transients," who are in the capital only on short visits, the number is—3,000.

The power of the Chechen groups lies in their strict organization and unquestioning fulfillment of the senior's command. Criminals of this ethnic group do not recognize law among thieves and other traditions of the criminal world. The main thing for them is a strict hierarchy of clan-thief relations. Because of the mass unemployment in the republic, the Moscow clans are constantly supplementing their ranks with young people—recruits from the Northern Caucasus.

The Economic Basis

According to the estimates of experts, there are about 140 SP [joint ventures], cooperatives and small enterprises operating in the Chechen groups in Moscow. As MUR [Moscow Criminal Investigation Department] recalls, only one of the cooperatives produces cranberries in sugar, and the rest engage in intermediary activity.

Collecting tributes brings in quite a fair profit. Every Azerbaijan flower-seller and fruit vendor, and there are about 5,000-7,000 of them in Moscow, contributes up to R500 weekly for the benefit of the Chechens.

There is a clear-cut division of labor among the groups: each one has his own interests and sphere of influence in Moscow. The most powerful of the Chechen groups is the central group. The Uzbekistan restaurant was its legendary residence. After a few raids by Solntseskiy and Dyuberetskiy gangsters, however, the Chechens rebased themselves at the Belgrad, Zolotoye Koltso and Rossiya hotels. One of the leaders of this group is Lechi A., nicknamed "Baldy." The group controls the major operations for the re-sale of scarce items, the Moscow markets, prostitutes, homosexuals, restaurants, cooperatives and shops located in the center of Moscow.

Another group, the Ostankino group, keeps a tight rein on all intercity motor transport carried out through Moscow to Chechen. Its bases are the Zarya, Ostankinskaya, Voskhod and Baykal hotels, and the members of

this group mainly engage in reselling large consignments of furniture, products, clothing, building materials and audio and video equipment. For example, in just one day, one of the members of the Ostankino group dispatched the following from Moscow to Chechen: 58 case lots of oil, 37 of sterilized milk, 65 of vermicelli, 40 of macaroni and 68 of baby food. The group is headed by Magomed O., nicknamed "The Big."

Finally—the motor vehicle group. It has under it Maintenance Station No 7, a station on the Khoroshevsk Highway and a state commission shop in the Port of Yuzhnyy. It is also trying to control the numerous SP, which engage in selling foreign makes on the Russian market. Its only item of income is from driving motor vehicles stolen from the West into the country. The permanent leader is Nikolay S. His nickname is "Jose"—"The Bird." He has now been arrested.

The sale of narcotics is by no means in last place in the business activity of all three groups. The network of their distributors is set up even in the army units of the Moscow Military District. While in 1989 there were only about 150 Chechens serving in the capital and the oblast, in 1990 there were 750, and in 1991—1,700. Many of them are precisely the ones who traded in anasha, hashish and opium. The groups also used this channel to get weapons.

The Chechen groups are becoming familiar with the Western market. They are conducting financial operations in Austria, Germany and Hungary more and more frequently. And, finally, their latest word in commerce—active attempts to break into the management of joint-stockholding enterprises, trading with the West in oil and gas. This is noticeable not only in the Northern Caucasus, but also in Tyumen Oblast. On the basis of all this, it is obvious: the Chechen community in Moscow today controls billions.

For Connections—Groznyy

According to the rough estimates of the Moscow Administration of the Russian Ministry of Security, every week up to R10-15 million are forwarded to Chechen from Moscow. In cash. This is another aspect of Groznyy's interest in the power and prosperity of the Chechen community in the capital. They feel that it is here, in Moscow, that the most active and enterprising of the Zaynakhskiy people have settled. For example, in the capital, a collection of money was organized, which Khusayn M., director of one of the largest Moscow SP and the restaurant of the same name, sent on for "the needs of the republic." He and another member of the commune—Sultan Kh.—are now on the staff of the Dudayev administration. They are both embarking on a career in foreign economic relations.

There are other motives for the mutual interest. For example, even before the Chechen president signed the above-mentioned ukase, several dangerous gangsters, and Khozha Nukhayev and Lechi Islamov, leaders of the Moscow Chechen groups, had been released from

imprisonment in Russia, with forged documents. The latter had even made a trip through Jordan and Saudi Arabia: allegedly to receive the office of Imam. He also ferried two large-load trucks, crammed to the brim with containers of impressive dimensions, through the territory of Turkey and Georgia. There are grounds for supposing that it was precisely after this trip that the first "Boras"—wolf—automatics, constructed along the lines of the Israeli "Uzi," appeared in the republic. Now they are everywhere, according to press reports, they are being issued in Navran, and the first barrel, as they say, was handed to Dudayev.

Is the Mafia Helping Dudayev

No one will presume to give a firm answer to this question today. True, the special services had information: diversionary groups in Chechen are preparing for transfer to Moscow. This information has not been confirmed. On the other hand, though, the tension between the republics has not reached its climax and it is possible that Dudayev is holding back his widely publicized trump card.

All the same, most of the MVD associates are sure that you will hear from Groznyy, the order—do not let Moscow escape terrorist acts. After all, to all appearances, the Moscow groups cannot hold out for long without active support from Chechen. Therefore, to boost their shaky authority, and confirm their loyalty to Groznyy, the criminals can venture on a series of terrorist acts, and it will not be all that simple to render them harmless, for conspiracy among the Chechen groups has multiplied in the last few years. True, there is another side of the coin: many wealthy Chechen businessmen, who have connections with the criminal world, are extremely dissatisfied with the policy and opinions of Dzhokhar Dudayev, which cost them a pretty penny, and provoke anti-Chechen sentiments. They are interested in very close relations with Russia, and not in the isolationist stand of Groznyy, since it is on Russian territory that most of them carry out their business. There are reports that the recent putsch attempt in Chechen was financed by certain Chechen businessmen, based in Moscow. All the same, according to the estimates of special service specialists, the majority of the groups in the capital support people from their own district—envoys of Dudayev—even if the support is only passive.

Moreover, a dangerous trend has been noted: more and more Chechens are coming to Moscow "without distinguishing signs." They are settled in conspirators' apartments, in student dormitories and in hotels, without filling out papers. These people do not pass through the processing and card-indexes of the MUR [Moscow Criminal Investigations Administration] and the special services. It is extremely difficult to expose their connections. In the opinion of specialists, this is also a golden reserve for diversionary work. There is other interesting information: there are quite a few members of Dudayev's National Guard among the illegal ones. What

are they doing in the capital? Are they waiting for the "zero" hour? In any case, this problem must be treated very seriously, although it is not recommended that we fall into a panic.

P. S. Major changes have taken place in the last few years, not only in the arrangement of forces in the criminal world, but also in the views of politicians. For example, General Aslakhonov, who was quoted at the beginning of this article, having become a People's Deputy of Russia from Chechen-Ingush, has not stopped declaring: there is no Chechen Mafia. The last time he informed the readers of this was in issue No 7 of the newspaper KRIMINALNAYA KHRONIKA—of this year.

Instead of a Commentary

There is no sense in commenting on this material—it speaks for itself. Unfortunately, the rigidly organized, well armed criminal formations are not the invention of journalists, but reality. Yes, we feel the presence in the capital of the Chechen groups, who occupy an exclusive place in Moscow's criminal world, because of their discipline, rallying and strict hierarchy, built on clan relations. The saddest thing is that the problem touched on in the material will exist until a state program is adopted to combat organized crime, and until a special clause appears in Russia's Criminal Code, namely, one that pertains to Mafia formations.

POLITICAL AFFAIRS

Reader Claims Size Of Russian Minority Exaggerated

92P50111A Kiev *NARODNA HAZETA* in Ukrainian
No 12, Apr 92 p 3

[Letter to the editor by O. Mudryak: "Truth and Statistics"]

[Text] In 1989 before the census I recall how they raised a clamor on radio and TV: "Soon we will define ourselves: who we are, what kind of people we are, how many of us there are!"

We defined ourselves... A woman came, asked my year of birth and started to write something. I asked what she was writing and she answered: "Everything else" [answer given in Russian]. I looked at the sheet of paper and found out that I was not Ukrainian, but Russian. Then that "government worker" looked for something in her folders and scattered some papers on the table. In the meantime, I noticed that certain neighbors had been changed over to Russians as well.

I am not talking about mixed families, about "Russian speaking" werewolves, about villagers without any national consciousness, who strove to be registered as Russians so that they could send their children to Russian schools "to be made into humans". There were such cases. But there was ordinary, shameless lying as well. So in that way 12 million Russians crawled out of all the cracks.

Now this falsified figure, like a weight, is beaten over the head of anyone who argues that Ukrainian is the official language. Big cheeses in the government repeat this figure. Do they really believe it? In my opinion, only someone who received a good rap on the head could believe it.

Right after the census a whole cortege of party apparatchiks descended on the Crimea in order to create a puppet fake autonomy. Claimants for the recognition of their "bleached bones", adherents of free economic zones, and members of the security service arrived in Odessa to do black deeds and live well.

For all this whole unnecessary phenomenon, an agreement was signed in Minsk on free migration. If only normal people, workers and skilled workers came! But only those that are not needed anywhere come.

If a fair census were to be conducted [today], of course there would not be more than 4 million Russians [in Ukraine].

Western Model for Mass Media Advocated

92UN1200A Kiev *MOLOD UKRAYINY* in Ukrainian
10 Apr 92 pp 1-2

[Article by Professor Volodymyr Zdoroveha: "Ukrainian Journalism: How Far to Europe? Why Is Our President Surrounded by Foreign Correspondents on His Foreign Travels?"]

[Text] Because he simply cannot take his own correspondents on his trips. This serves as excellent evidence of the provincial nature of our journalism, believes Professor Volodymyr Zdoroveha.

One of the paradoxes of our current history is that at the very time when Ukraine has attained de jure statehood, journalism, which did so much to consolidate our independence, now finds itself in a serious crisis. The fundamental problem is a lack of paper, not to mention its exorbitant price, as well as that on printing, and the high cost of mailing periodicals. How can one speak of creative innovation in journalism when many newspapers have folded and others are on the verge of doing so?

Thus, to the myriad of complex and urgent problems facing sovereign Ukraine we need to add the virtual informational defenselessness of our young state and the lack of rudimentary technical equipment and the indispensable creative potential needed to produce an honest and true picture of Ukraine in the world arena and to rebut effectively and professionally the aspersions and insinuations cast against it. Concern about this has been voiced both by the people's deputies in parliament and by the representatives of the Ukrainian diaspora.

The mass media of Ukraine face major obstacles on the road to entering the world sphere of information. These can be divided into three groups. The first entails our material-technical possibilities. We do not even have the means to send a group of correspondents to accompany the president on his foreign travels. Russia retains a monopoly on the production of paper. The first program of Ukrainian Radio, which broadcasts in the low frequency band, has a limited range. It requires the assistance of a radio relaying network, a system of radio rediffusion towers, which until recently were popularly known as "little liars."

Ukrainian Television is a problem in all respects. It is poorly equipped and unable to compete with the two powerful Moscow channels. Moreover, as Yuriy Pokalchuk has correctly pointed out, it can be called Ukrainian only by stretching the facts considerably.

The second reason is the clumsiness, lack of initiative, lack of resourcefulness, and conservatism of the majority of journalists. I will go as far as to say that of all the creative unions, the Union of Journalists of Ukraine has proven to be the most reactionary. A significant portion of journalists, especially those of the older generation, continue to play the role of retainers, incapable of

thinking independently. We saw evidence of this at the seventh and eighth congresses of the Union of Journalists of Ukraine.

Finally, there are the obstacles of a professional-creative nature. Totalitarian journalism developed a system of dogmas, myths, and distorted ideas about the nature and purpose of journalism, which are difficult to overcome. To find evidence of this, suffice it to skim through our newspapers. I do not have in mind only those publications that are the direct heirs of the communist press and that have now made cosmetic changes by introducing democratic phraseology. In their world view and their method of work, even those newspapers that were conceived as democratic organs have remained the mouthpieces for ideas imposed from above, compensating for the absence of their own position on issues with vituperation and boorishness.

Let us try to deal at least superficially with these complicated issues. Let us begin with the ways of attempting to overcome the material-technical crisis. Clearly, a solution for the critical situation is inconceivable without a fundamental restructuring of Ukraine's whole economy, its conversion to a free market system. The sponsors and organizers of the eighth extraordinary congress of journalists of Ukraine, which took place in mid-January of this year in Kiev, tried to work out realistic solutions to this crisis.

Aware of the uncertainty that marks the supply of paper to Ukraine by the Russian monopolists, we proposed forming a commission of experts to develop a plan for creating a Ukrainian paper industry in the next two to three years, as well as denationalizing the printing industry, allocating a portion of the funds and material resources of the Communist Party of Ukraine to be used to support and develop a national press, passing antimonopolist legislation with respect to the mass media as soon as possible, denationalizing television and radio broadcasting, creating alternate channels and programs, and so forth.

At the same time, we must draw a distinction between the duties of government structures and those of journalists—if only as a matter of convention. More than 70 years of the "most progressive and most just social system" produced a breed of journalist who was not only a docile implementor of the will of those in power and an obedient propagandist of slogans reduced to the most senseless and ridiculous level but also absolutely devoid of initiative in the business sense. He meekly accepted his meager wage, as a rule voted for an average (the same for everyone) honorarium, and never concerned himself with either profit or paper. Any profit made, and the amount was at times considerable, was taken by the "leading and guiding force" in any event. But then again, it gave subsidies to those publications that seemingly should have died long ago. The only thing the journalist knew about the natural struggle for survival and about

competition was what he had read in the propaganda articles and agitprop brochures. These concepts were always negative.

Today this same journalist has been placed in circumstances with which he is unfamiliar. He turns his gaze upward in the traditional manner: "Save me, help me, provide for me!" Clearly, without state support, without paper and other material resources, the press cannot survive. But a journalist must learn to calculate, plan, and earn a living by the means available to a creative individual. This applies especially to a free press, to those journalists who have become owners of their own newspapers. It is incongruous for an increase in circulation to be accompanied by growing losses, rather than vice versa. You cannot do without government intervention here. Yet the state cannot and should not come to the rescue of all publications without exception, ensuring them a trouble-free existence despite their inferior performance.

It is necessary to say something about the need to make a fundamental change in the Bolshevik dogmas and postulates regarding the nature and purpose of the mass media of Ukraine. All our guests from abroad are astonished at the number of official press organs that we have. They have trouble understanding how RATUSHA of Lvov, for example, in its capacity as the newspaper of the city council, can write objectively about city affairs, or how SILSKI VISTI can criticize the government of Ukraine, when one of its founders is the Cabinet of Ministers.

Democratically minded politicians understand this. One such example is the decision of the Lvov Oblast Council to refuse voluntarily to be a cofounder of the newspaper ZA VILNU UKRAYINU.

It is quite obvious that it is not enough to change the attitudes of journalists. Moreover, they have become aware of this themselves by now. But what about their employers, those who regard themselves as the owners of this or that publication, those who pay the piper and wish to hear the tune of their own choosing? Here is our esteemed president in an interview that he gave to the newspaper IZVESTIYA, expressing his belief that "we need our own tribunes, our own voices, which will help us to inform the people, publicize the policies of the government and the president, and involve the public in these policies."

These are all survivals of the past, of Lenin's "collective propagandist, collective agitator, collective organizer." We must move toward a strong "fourth estate"—the body that the mass media make up in the civilized world. And the fact that we already have independent newspapers, publishing houses, alternate television and radio, which are winning the right to exist in extremely difficult circumstances, is in itself a serious step toward European civilization.

Ukraine faces another painful issue in this respect. In light of the information expansion by Moscow that we

have already cited, a natural desire has emerged among some people, including state leaders, to stop this insidious stream of tendentiously selected information, and they propose the simplest, inherently Bolshevik measure: ban, unplug, expel. Their reaction may be understandable, but taking this path would be a serious mistake. And not merely a political mistake. Ukraine should have the same opportunities as Moscow. The wealth earned through the labors of the people must be returned to the people. But prohibiting one program or another at a time when, with the help of a proper antenna, it is possible to receive scores of national and international broadcasts is out of the question. The result would be provincialism. Ideas should be countered with ideas, words with words, but not by banning free speech. In any event, this would violate well-known international agreements, especially the Universal Declaration of Human Rights. Moreover, the lack of competition would result in an even greater drop in what is already an inferior professional level among our journalists.

And lastly, the third aspect: the professional level of present-day Ukrainian journalism. Among its flaws are the "superficial" manner in which it presents facts, undue verbosity, subjectivity, categorical attitudes, a low lexical and stylistic standard, and its inability to engage in polemics in today's manner. This stems not only from a lack of talent on the part of any given journalist, but also from a faulty understanding of the role of the mass media. Despite external changes and the manipulation of such epithets as "democratic" and "independent," we continue viewing the mass media as an organ that provides "valuable directives," teaches and instructs, pounds the recalcitrant over the head, and holds a monopoly on the truth in the final analysis.

Meanwhile, modern Western scholarship has long since examined the question of the changed role of journalism in society and of the rejection of the classical so-called philosophy of consciousness in favor of the philosophy of human interaction. Without delving into the details of this philosophical theory, confirming or denying the essence of man in terms of the phenomenon of human interaction, we should stress that the view that there is a distinction between informing and communicating prevails in the theory and practice of journalism. The accepted view is that the journalism of the past can be called a means of mass information, insofar as information is a purposeful, interested presentation of news, ideas, and theories by the communicator to his audience.

The communicator, representing certain social, party, or group interests, resorting to a special selection of facts and judgments or even to direct lies, influenced the recipient, public opinion, and thereby human behavior, in the desired direction. Western sociologists believe that the nature of journalism at the turn of this century can be described as mass communication—in other words, as a means of interaction between people, in which the boundary between the communicator and the recipient gradually disappears, that is, there is a two-way communication between people, a kind of spiritual intercourse.

Whatever the case might be, journalism cannot remain unchanged as conditions change. Described in brief, above all, these changes require of newspaper, television, and radio reporters truth and honesty and the ability to inform the public of what is happening in the world in concise, timely, and objective terms. To become part of the modern civilized system of information we must rid ourselves of ideological bias, present various points of view accurately and honestly, let the facts speak for themselves rather than presenting our own maxims, and learn to polemicize not with a view to always "defeating" those who hold other views but with a view to uncovering the truth.

All of this is indissolubly linked with yet another difficult problem. I have in mind the complicated psychological phenomenon of the effect of the word on the public. Recently a psychiatrist reminded readers of a simple truth: If you keep talking about hunger, if you continually talk of inevitable unrest or death from disease, according to the theory of reflexes they may occur. He expressed just criticism of those commentators who present personal opinions and predictions instead of performing their task, which is to report the facts. It is quite true that one cannot get well without wishing to do so. Unfortunately, under the influence of our powerful northern neighbor this virus has now affected our the mass media of Ukraine as well.

Finally, a journalist must not only be open minded, which so many of us are not, but also possess lofty moral qualities. Journalism is somewhat similar to medicine. To treat social diseases, a journalist must take a vow to loyally serve truth and goodness. Perhaps Ukrainian journalists should take something like the Hippocratic oath. In any event, we must immediately work out a Code of Journalistic Ethics, just as we need to immediately adopt a good law of Ukraine on communications.

And in conclusion. By arguing that Ukrainian journalism should become part of European culture we did not mean to denigrate the high cultural attainments, including those in the realm of the mass media, made by various Asian countries, such as Japan, or those of the North American continent. The term "European civilization" is used as a symbol of a high level of culture and civilization. It is a level to which Ukrainian journalism must aspire. This ideal entails, above all, freedom of speech, press, television, and radio. Such freedom is inconceivable without economic independence, and it must be based on the best traditions of European civilization. Ukraine is not an orphan in Europe. Its culture, including journalism, is part of this civilization. The tragedy is that because of its historical fate, Ukraine's ties with this civilization were cut and relentlessly destroyed. The entry of Ukrainian journalism into European culture is the rebirth of the freedom-loving traditions of Ukrainian writing on public affairs, literature, and journalism. Suffice it to recall the names of I. Franko, M. Drahomanov, Lesya Ukrayinka, the best Western Ukrainian journalists of the interwar period, the publicists of the underground Ukrainian press, and

the best thinkers in the diaspora in order to understand that we possess legitimate grounds for regarding ourselves an organic part of European culture.

Chinese Envoy on Prospects for Cooperation

92UN1265A Kiev PRAVDA UKRAINY in Russian
23 Apr 92 p 1

[Interview with Zhang Zhen, PRC Ambassador to Ukraine, by Anatoliy Grigoryev, in Kiev, on occasion of presenting credentials, no date given]

[Text] Zhang Zhen, Ambassador of the People's Republic of China to Ukraine, has begun work in Kiev. On the eve of his presentation of credentials he received our Ukrainian correspondent and answered a few questions.

[Grigoryev] Mr. Ambassador, how do the prospects for development of Chinese-Ukrainian relations look from the height of your post?

[Zhen] I will speak frankly: I never had a feeling of malicious pleasure at the collapse of the USSR. Independent states have appeared in the territory of the former Soviet Union, and there is a natural law in this. We look with understanding at the right of peoples to choose their own social order and their own model of economic development. The five principles of peaceful co-existence, most important of which is non-intervention in one another's internal affairs, were reflected in the communique on the establishment of diplomatic relations between the PRC and Ukraine. If both parties observe these principles I am confident that Chinese-Ukrainian relations will develop successfully.

China in recent years has established normal relations with the republics of the former Soviet Union. Ukraine had a special place in this cooperation. We are prepared to continue to see Ukraine as a partner in various areas. There are no obstacles to this.

[Grigoryev] In your view, what are the top-priority areas of bilateral cooperation?

[Zhen] Ukraine is a leader among the participating states of the CIS in machine building and metallurgy. It has surpassed such developed countries as the United States and France for some industrial indicators. The achievements of the Ukrainian chemical industry are generally recognized. In China, for its part, light and food industry are highly developed. So the economies of the two countries can complement one another to our mutual benefit. Specialists are now preparing a trade and economic agreement which, when signed, would provide a good foundation for expanding fruitful contracts. They should be not just on the intergovernmental level, but also at the level of particular rayons, cities, and enterprises.

A delegation from China will be arriving in Kiev soon. It will conduct negotiations toward a scientific-technical agreement. We are also hoping to sign a cultural agreement with Ukraine.

[Grigoryev] In general, your embassy has, as they say, a rich field to work.

[Zhen] The embassy consists of me and three colleagues. With time, of course, the number of personnel will grow. But for now we will have to work especially hard. There will be a steady stream of visitors, especially concerned with trade and economic questions. We are trying to receive everyone and give competent answers. But the lack of an embassy building is making our work much more difficult. While understanding the full complexity of the problem, we still are hoping that the Ukrainian authorities will step up a solution to this. Overall, however, I would like to note the exceptional supportiveness that we have been shown here.

Local TV Favorably Contrasted With Ukrainian Channel

92UN1209A Kiev NARODNA HAZETA in Ukrainian
No 13, Apr 92 p 2

[Article by Oleksiy Redchenko, special correspondent of NARODNA HAZETA, Ivano-Frankivsk: "How Can One Love Thee, My OkhmaKiev?"]

[Text] The "box" was ordinary—it was an "Elektron." What was out of the ordinary was the strange sight it offered...

Highly placed Ukrainian officials were still waiting for "additional" information from Moscow and were carefully choosing their words, which were much too weighty to carry any weight whatsoever. The Ukrainian media were zealously garbing the latest Moscow cataclysm with the strange letters "DKNS" [State Committee for the State of Emergency—Ukrainian acronym]. Meanwhile, staring from the television screens at the residents of Ivano-Frankivsk was a large color portrait of Gorbachev with a single word next to it: "PUTSH" [spelling as published]. Although the word is as German, it was much more readily understandable than any "GKChP" [State Committee for the State of Emergency—Russian acronym]... The local "Channel 40" was transmitting the news program of the German television company RTL, which was probably the first in Europe to call the events in Moscow a "coup."

One odd circumstance compels us to recall the television passions of those days. Galicia, which served as the driving force behind the present Ukrainian rebirth, is in fact not represented on Ukrainian Television [UTV] these days. To whom should it be of interest, if not to those in charge of UTV, that a television studio, unlike any other "small format" studio currently found in Ukraine, emerged and operates in Ivano-Frankivsk?

Wanting to eliminate the information deficit, the founders of "Channel 40" created a television network, took care to provide children's programming and translations of current Western films (many in Ukrainian), and introduced a daily news program called "News of the Land"—in other words, they adopted a completely "national" approach at a time when similar television studios are mostly involved in commercial ventures, showing no interest whatsoever in providing their viewers with news programs. Moreover, "Channel 40" provides one of the most interesting satellite programs, Germany's RTL, broadcasting daily its hour-long "World News" with a simultaneous Ukrainian translation. A real window on the world! This is the West through Western eyes and not through the eyes of Ostankino... Shortly, the news program will be improved by including information provided by RTL about events in Ukraine and among our neighbors into "Channel 40's" own news broadcast. As a result, soon the Galicians will know Western opinion concerning Ukrainian affairs even before UTV provides this information, receiving it through Moscow.

Small wonder that after the emergence of "Channel 40" everyone went in search of UHF attachments and antennas, while within a range of 40 km (the reception radius of this channel) those with the necessary know-how are still working on developing a special antenna to improve reception of the very weak signal. Meanwhile, "Channel" 40 is trying to figure out how to survive...

While modern television channels give priority to scrambling and unscrambling technology, in other words, to the commercial aspect, the Ivano-Frankivsk region is the only oblast of Ukraine, where television viewers have access to a channel of this kind free of cost. Almost everything is done on the basis of enthusiasm. Instead of proper studio equipment, editor Yaroslav Hnes, cameraman Ivan Vovk, journalists Olena Frolyak, Ihor Boychuk, and their colleagues (the entire staff numbers some ten people) have the use of home (!) video technology... Nevertheless, this does not prevent them from ensuring that the level of their "News of the Land" is as good as the news programs of UTV in terms of length and news content... Simultaneous translation of German television news and many films is done by similar enthusiasts for meager pay.

Meanwhile, UTV's oblast studio lives in clover in Ivano-Frankivsk. Although it has the necessary technical and transportation facilities, it transmits only three to four topics per month to Kiev. In comparison, each (!) television journalist at "Channel 40" prepares 20 to 30 topics each month for the same money without special transportation means and using home video technology. Moreover, these enthusiasts work without a video control panel, and have learned to edit by relaying tape from VCR to VCR. Meanwhile, the video control panel at the UTV studio remains virtually unused.

How many times have we heard Mr. Fokin weeping in the Supreme Soviet: "There is no money..." But when

you suddenly realize that the government uses the money it receives from you, the tax payer, to maintain such idle UTV studios, you cannot help but think: is it worth paying taxes to a state, whose government buries its citizens' money in the ground? Not to mention each citizen's right to receive in return for his money the fullest possible information from all corners of Ukraine, including Galicia, and not only about Hutsul weddings or painted Easter eggs, as was the case in Khrushchev's and Brezhnev's times...

It seems so simple: allocate the funds that the Ukrainian Television and Radio Company spends on its studio in Ivano-Frankivsk to support the much more effective "Channel 40," which is capable of supplying UTV with timely materials every day, as well as preparing long programs on request. The residents of Ivano-Frankivsk believe it to be a matter of the common good. But does Mr. Okhmakevych think so? That's a good question...

Recall how much filth was directed against this region at one time by the Communist Party's Goebbelses. Is not UTV's lack of comprehensive coverage of the social and political life of Western Ukraine a continuation of this same policy only using different means? Today, when the press has one foot in the grave and UTV's role in shaping public opinion is growing for obvious reasons, we cannot help but recall the famous decree No. 1 of the State Committee for the State of Emergency: "...to establish controls over the mass media." Controls can be established in a variety of ways. In the Ukrainian variant, it looks something like this: if there is news from Galicia, it is usually about interfaith conflicts; if from the Donbas, it is limited to reports about strikes; if from the Kherson region, it describes the struggle to bring in the harvest...

But we will keep waiting. Perhaps the Carpathian region will yet shimmer in all the colors of the spectrum through the lens of "its holiness UTV"? It is easier for the residents of Ivano-Frankivsk, because many of them receive "Channel 40," and many of them have not tuned in to UTV for some time...

ECONOMIC AFFAIRS

Newly Appointed Communications Minister Outlines Goals

92UN1271A Kiev *VECHERNIY KIYEV* in Russian
20 Apr 92 p 1

[Interview with Oleg Petrovich Prozhivalskiy, new Ukrainian minister of communications, by Larisa Troyan; place and date not given: "We Will Live To See Generally Available Phone Service"]

[Text] Oleg Petrovich Prozhivalskiy, Ukraine's new minister of communications, is 42 years old. He was transferred to his ministerial post from the office of the general

director of the Vinnitsa Oblast Communications Production Association after completing years of study (a tekhnikum, the Odessa Communications Electrical Engineering Institute imeni Popov, the Academy of the National Economy Under the USSR Council of Ministers) and persistent, hard work—he has climbed all the rungs of the service ladder....

[Trojan] Oleg Petrovich, aren't you embarrassed by the fact that the president's Ukase regarding your appointment was signed on 1 April?

[Prozhivalskiy] Not a bit. I don't know how much time I will have, but I will try—to the best of my ability and knowledge—to "upgrade" this sector. Every inhabitant of Ukraine probably knows in what a lamentable condition the communications sector is now languishing. But few persons—besides the specialists in this field—are familiar with such figures as the following: The value of the fixed capital assets, i.e., producer goods, in the U.S. communications sector has been estimated at approximately 630 billion dollars, whereas in the former Soviet Union this indicator was equal to 30 billion rubles. That's an eloquent comparison, isn't it? During the course of many long years our sector received virtually no vital nourishment in the form of capital investments, although every monetary unit invested—as estimated by the specialists—pays for itself five-fold.

[Trojan] Do you already have a program of specific measures and actions?

[Prozhivalskiy] If you are speaking about me personally, I am holding meetings and consultations with the specialists, as well as with the general directors of the oblast-level communications associations. I want to correlate and coordinate my own observations and thoughts with the experience of my colleagues. The Ministry of Communications is working on a national program for developing this sector. We cannot get by without creating our own industrial means of communications. It is specifically and precisely on this that our Astel Association is working. It is attempting to place orders at the major enterprises, including those which are carrying out conversion.

[Trojan] Is your sector a profitable one?

[Prozhivalskiy] Prior to 1 January of this year it was indeed, but now.... According to the results of the first quarter, approximately 10 oblast-level administrations have turned out to be unprofitable, i.e., they are operating at a loss. The volume of postal mailings has declined by about 50 percent.

[Trojan] But the prices have jumped up. Oho! What about that?

[Prozhivalskiy] Let me clarify the situation: The government established or set an index for us to raise prices on postal mailings amounting to a 5.6-fold increase, but the total increase—taking other services into account—is equal to a 5.8-fold increase.

[Trojan] Does that mean that your sector will be "liberated" even more?

[Prozhivalskiy] My personal approach to this matter is as follows: I would not raise prices at all. Can you really think that this is advantageous or profitable for us? Production volumes have been falling and continue to do so. Mailmen have been left without work, and we have been forced to let people go.

[Trojan] By the way, could you cite a specific figure regarding the number of cutbacks in personnel?

[Prozhivalskiy] As of now, I cannot do that. Each administration operates on the principle of cost accounting—i.e., it is supposed to be self-supporting—and carries out personnel reductions stemming from its own actual situation.

[Trojan] Let's return, then, to the subject of prices.

[Prozhivalskiy] If the prices for energy resources rise, then we too, naturally, must also revise our rates.

[Trojan] But doesn't it seem to you that you are simply and unabashedly taking advantage of your right to a monopoly in the field of communications?

[Prozhivalskiy] Demonopolization in our sector—of the type that is now occurring, for example, in trade and commerce—is simply impossible. There can be no competition between our structural units; this is an integrated, closed chain. There is one path that might be taken—the creation of an alternative, parallel structure. As far as I know, the United States is the only country with such a system. For our state, this is a luxury which we cannot yet afford, though in the future—to my way of thinking—such a variant is not excluded.

[Trojan] According to your forecasts or predictions, when will phone service be generally available in Ukraine?

[Prozhivalskiy] Not before 10 years have elapsed, and that's just for urban localities.

[Trojan] What can you tell us about the prospects for automatic inter-urban, i.e., long-distance, and international telephone communications? There is a considerable amount of negative criticism being heard from foreign businessmen in this regard.

[Prozhivalskiy] Contracts are at the signing stage with two well-known firms regarding deliveries of up-to-date equipment. What we are talking about here is establishing a joint enterprise with the American firm AT&T and the Dutch firm PTT. During the course of 3-5 years high-quality automatic communications will be set up in Ukraine with connections to virtually all the cities in the world. And solely with regard to Kievans, they—as citizens of the capital—will be able to participate in this blessing or benefit of civilization as early as the end of the present year.

Ukase on Commercialization of Service Sector

92SD0355A Kiev *RABOCHAYA GAZETA* in Russian
24 Apr 92 p 2

[Text: "Ukase of the President of Ukraine on Commercialization of the Activity of Enterprises and Organizations of the Service Sphere"]

[Text] Ukase of the President of Ukraine on Commercialization of the Activity of Enterprises and Organizations of the Service Sphere.

For the purpose of developing market relations in the service sphere I decree:

1. Organs of state executive power under whose management the state enterprises and organizations of the service sphere identified in the Appendix to this Ukase operate shall take steps to commercialize the activity of the enterprises and organizations, specifically:

—in the established manner on the basis of the structural subdivisions of enterprises and organizations that render services (make products) with a full production cycle, form independently operating enterprises and give them the status of legal persons;

—not carry on distribution of raw and processed materials and equipment according to allocations and limits, and ensure that supplier enterprises and consumers comply strictly with contract obligations;

—preserve the specialization of the newly created enterprises in their primary activity of rendering services and making products delivered by cooperative means, in conformity with contracts;

2. The Council of Ministers of the Republic of Crimea, local organs of state executive power, and other organs which are carrying out the commercialization of the activity of service sphere enterprises and organizations shall:

—decide the question of forming, on contract principles, where necessary, production and commercial structures to serve the newly formed enterprises and organizations and to coordinate work toward further development of the service sphere;

—review the question of establishing, in cases envisioned by law, additional benefits for enterprises and organizations for providing services of special social significance to the population;

—ensure a most-favored status for enterprises and organizations which are supplying raw and processed materials and equipment to enterprises of the service sphere.

3. The Ukrainian Ministry for Divestiture of State Property and Demonopolization of Production and the Ukrainian State Committee for Promotion of Small Enterprises and Entrepreneurial Activity shall provide the essential methodological assistance to the Council of

Ministers of the Republic of Crimea and to local organs of state executive power in carrying on commercialization of the activities of service sphere enterprises and organizations. Training and advanced studies shall be set up for the managers and specialists of the newly formed service sphere enterprises.

4. This Ukase goes into force from the day of its signing.

[Signed] President of Ukraine L. Kravchuk
City of Kiev, 18 April 1992

Appendix to the 18 April 1992 Ukase of the President of Ukraine

List of enterprises and organizations of the service sphere which are being commercialized (by type of service):

- Custom manufacture and repair of footwear;
- Custom manufacture and repair of garments, fur and leather goods, headgear, and fancy textile goods;
- Custom manufacture and repair of knitted goods;
- Custom manufacture and repair of furniture;
- Repair and servicing of radio electronic equipment, household appliances and tools, and custom manufacture and repair of metal articles;
- Construction and repair of housing (apartments) and other structures;
- Repair and servicing of individual means of transportation;
- Public transportation services;
- Dry cleaning and dyeing clothes;
- Laundry services;
- Services of photographic studios and still and moving picture laboratories;
- Bath and shower services;
- Barbershop services;
- Rental of consumer goods;
- Rental and recording of video and audio cassettes;
- Ritual services;
- Hotel services;
- Housing exchange services;
- Additional services (service to persons on vacation or in therapy without passes, inventorying structures, and other types of services)

Price Liberalization Affecting Spring Sowing

92UN1281B Moscow *RABOCHAYA TRIBUNA*
in Russian 30 Apr 92 p 2

[Article by G. Dolzhenko: "Ukraine: Still We Are Sowing!"]

[Text] Spring this year turned out to be long and cold. Still the grain growers of the Ukraine are performing their age-old task—placing seeds of a future harvest into the ground.

The sowing tempo of spring grain and pea and bean crops is almost double that of last year. The situation is slightly worse with sugar beets and winter crops for

harvesting this year but work in the fields is not slowing. Although, I must confess, this apparent well-being is attained by the peasants at a price of great efforts. The main burden of the price liberalization that was implemented fell mainly on their shoulders. Prices on the average rose by a factor of 14.5 whereas prices for agricultural products increased by a factor of only 6. Having sold last year's harvest the kolkhozes appeared to have earned something, but after the jump in prices in January they found themselves, as the saying goes, in their birthday suits.

It is already evident that the farm will end up in debt after sowing. There is nothing with which to pay people their wages. In May some of the kolkhozes plan on paying their people with cattle, fowl, and mineral and organic fertilizers. The situation is prodding rural residents toward one thing—avoid final ruin by selling produce at higher prices.

Strike committees are currently being created in many locations. Entire rayons and oblasts have declared a boycott of industrial enterprises and refused to accept their machines. Delegations are confronting the government and packets of telegrams are coming from the local level. In March it was even planned to carry out a three-day warning strike in order to focus the attention of the government on the disastrous situation in the countryside. It responded to the pleading. The bank allocated more than 20 billion rubles for payment of overdue debt for material-technical resources. In early April L. Kravchuk, president of the Ukraine, signed an ukaze on the 2.2 fold or almost 60 billion ruble compensation of the losses of farms connected with the difference in prices for agricultural products in the past and in recent years. Simultaneously their indebtedness for long-term bank credit of 400 million rubles has been written off. Time will tell whether these infusions in the farms will help.

Odessa Oblast Curtails Fuel Use To Assist Spring Sowing

92UN1281A Kiev *RABOCHAYA GAZETA* in Russian
17 Apr 92 p 1

[Article by V. Kreshchuk: "Rationing for Machines"]

[Text] The catastrophic situation with petroleum products which developed in the Odessa Oblast due to a curtailment in oil deliveries to the Ukraine compelled the oblast executive committee to initiate extraordinary measures

In order not to disrupt spring sowing gasoline is no longer supplied for use in private vehicles while official vehicles are refueled only upon the presentation of a special permit issued by the oblast executive committee.

Petroleum products are supplied in cities and rayon centers of the oblast only for motor vehicles meeting urgent needs of the population and the agroindustrial complex

"Such a decision," says Ruslan Bodelan, chairman of the oblast soviet of people's deputies, "is not being introduced on a permanent basis but just for a short period until the problem with supply of petroleum is resolved. The key point is that such a maneuver will make it possible to satisfy the needs of farmers for the conduct of field work by a hundred percent and support vital activities of the most important services and enterprises. Strict limitations were applied to official motor vehicles. By the way, only two vehicles have been allocated for the official needs of the oblast executive committee."

Conditions Change for Cultivation, Sale of Sugar Beet Crop

92UN1297A Kiev *PRAVDA UKRAINY* in Russian
25 Apr 92 p 1

[Article by A.A.: "Sugar—The Main Foreign Exchange for Ukraine: Enough of It Means a Good Crop on the Sugar Beet Fields"]

[Text] It has long been known that Ukraine in the former Union produced more than 60 percent of the sugar. Whether it was a lot or a little we have only found out now when the republic has become a sovereign state and when as a consequence of the economic bacchanalia the barter has "flourished" everywhere. Immediately sugar became one of the strategic products for Ukraine.

It is no secret that we were able to surmount many difficulties due to the trade between the republics: sugar for oil products, sugar for machine tools, lumber and machinery.

And again the planting of the sugar beet fields is under way in Ukraine. The weather, as we see, is not pampering the farmer. All the same the true masters of their job are not wasting time. For you reap what you sow...

The conditions for growing and procurement, in comparison with previous years, have noticeably changed. A marked bias in favor of the economic interests of the collective farms and individual farmers has been made in the production of raw materials.

The state order for the procurement of sugar beet has been maintained. But its conditions are now such that it is more advantageous for the kolkhoz and the farmer to sign a contract with the state for selling the raw materials than trouble themselves with the product. The state will transport the beets under the state order at its own expense from the field to the plants. This alone under the conditions of the acute shortage of oil products means a great deal. Those who complete the contractual conditions will obtain a reciprocal (read—advantageous) sale of end product. According to the figures of specialists, this will be over a million tons of sugar. This is approximately one-fifth of what is produced by the Ukrainian refining industry. Incidentally, this is the amount of sugar which has been sold to the kolkhozes and sovkhozes over the last 7 years. Understandably, here they mean taken all together

Beets will also be accepted from those farms and farmers who refuse to sign a contract for the state order. But different conditions have been set for reciprocal payments. First of all, the delivery of the raw materials at one's expense and with one's own transport. The plant will also charge significantly more for refining a ton of roots. Moreover, 30 percent of the end product, according to the contract, will remain the property of the plant workers.

For the state orders there will be no fixing of prices as before. The prices are contractual ones. All the same the states determines that a ton of beet with a basic (16 percent) sugar content should not cost it more than 780 rubles. Otherwise the refining of the raw material will be at a loss.

As was announced by the Ukrсахar [Ukrainian Sugar] Concern, up to the present, contracts have been signed for 73 percent of the raw materials required for fulfilling the state order. These are alarming figures. In individual rayons and oblasts there has been a trend to reduce the areas planted under sugar beets. Yes, this is a labor-intensive crop requiring large energy outlays. But certainly it is also the most economically advantageous. On the world market at present a ton of sugar is priced at 300 dollars. If the Ukrainian rural workers were guaranteed a million tons of end product in fulfilling the state order, then in the countersale, just figure what an economic boost this would be for the beet-raising farms.

BYELARUS

Decree Ratifies Tax Rate Scale

925D0365A Minsk SOVETSKAYA BELORUSSIYA
in Russian 16 Apr 92 p 1

[Decree of the Council of Ministers of Byelarus Republic No 211, 16 April 1991 on Adoption of Personal Income Tax Rate Schedules]

[Text] In fulfillment of the decree of the Supreme Soviet of the Republic of Byelarus of 17 March 1992 "On introduction of changes in the decree of the Supreme Soviet of the Republic of Byelarus 'On the order of introduction of the law of the Republic of Byelarus 'On personal income tax'" the Council of Ministers of the Republic of Byelarus decrees:

1. Adoption of personal income tax rate schedules as of 1 April 1992 replacing those earlier stipulated in Articles 8, 15, and 18 of this law:

1.1. Income tax to be levied in the following amount on income indicated in Article 7 of the law:

Amount of monthly income less minimum monthly wage	Tax
Up to 3,700 rubles	12 % of taxable income
From 3,701 to 5,200 rubles	444 rubles plus 15 % of the amount over 3,700 rubles
From 5,201 to 7,200 rubles	669 rubles plus 20 % of the amount over 5,200 rubles
From 7,201 to 10,200 rubles	1,069 rubles plus 30 % of the amount over 7,200 rubles
10,201 rubles and over	1,969 rubles plus 50 % of the amount over 10,200 rubles

1.2. Income tax to be levied in the following amounts on remuneration paid to persons listed in Article 14 (including heirs of creators whose works, translations, discoveries, inventions, or industrial models are used for the first time):

Amount of annual income	Tax
Up to 6,000 rubles	4 % of income
From 6,601 to 10,800 rubles	264 rubles plus 8 % of the amount over 6,600 rubles
From 10,801 to 44,400 rubles	600 rubles plus 12 % of amount over 10,800 rubles
From 44,401 to 62,400 rubles	4,632 rubles plus 15 % of the amount over 44,400 rubles
From 62,401 to 86,400 rubles	7,332 rubles plus 20 % of the amount over 62,400 rubles
From 86,401 to 122,400 rubles	12,132 rubles plus 30 % of the amount over 86,400 rubles
From 122,401 rubles and over	22,932 rubles plus 50 % of the amount over 122,400 rubles

1.3 An income tax on income indicated in Article 17 of the law is levied in the following amounts:

Amount of annual taxable income	Tax
Up to 44,400 rubles	12 % of the taxable income
From 44,401 to 62,400 rubles	5,328 rubles plus 15 % of amount over 44,400 rubles
From 62,401 to 86,400 rubles	8,028 rubles plus 20 % of amount over 62,400 rubles
From 86,401 to 122,400 rubles	12,828 rubles plus 30 % of amount over 86,400 rubles
From 122,401 rubles and over	23,628 rubles plus 50 % amount over 122,400 rubles

2. The Ministry of Finance to alter personal income tax rate schedules adopted by this decree in accordance with changes in amount of the minimum monthly wage.

[Signed] M. Myasnikovich, deputy chairman of the Council of Ministers of the Byelarus Republic
V. Deblikov, deputy business manager of the Council of Ministers of the Republic of Byelarus

Official on Republic's Intelligence Service Mission

92UN1244A Minsk SOVETSKAYA BELORUSSIYA
in Russian 15 Apr 92 p 2

[Interview with G. Senyukov, representative of the public relations group, KGB Administration, Republic of Byelarus for Minsk Oblast by M. Tokarev, SOVETSKAYA BELORUSSIYA correspondent; place and date not given: "Secrets of Secret Services. With a Shield But No Sword"]

[Text] Public interest in the work of state security organs called upon to ensure protection of the interests of persons, society, and the state is not subsiding. Along with profound objective judgements of their activity, there are items appearing in the press illuminating this important work, that is difficult under current conditions, in a one-sided manner and often with a bias. The conversation of our correspondent with G. Senyukov, a representative of the public relations group, KGB Administration, Republic of Byelarus for Minsk Oblast deals with that topic.

[Tokarev] Gennadiy Polikarpovich, judging by the editorial mail and items in other newspapers and magazines, not only numerous readers but certain journalists as well do not have a concrete idea of the activity of the KGB. Tells us please, about the basic tasks of the security organs at the present time.

[Senyukov] The temporary regulation on the KGB of the Republic of Byelarus determines basic directions in our activity. These include: acquisition of intelligence data on foreign political, economic, defense, scientific-technical, and ecological problems for the purpose of informing organs of power and the administration of the Republic of Byelarus; extraction of information on plans and goals of the intelligence and undermining activity of intelligence services of foreign states and on concrete

intelligence operations aimed at undermining the sovereignty and territorial integrity of the republic, as well as ensurance of protection of its economic interests which makes it necessary to struggle against the shadow economy organized by criminal and corrupt elements; and the struggle against smuggling and the narcotics trade. These are the main directions in our work. The Supreme Soviet of the Byelarus Republic must legislatively consolidate the activity of state security organs by adopting the law on the KGB and the regulation on operational-investigative activity which we are impatiently awaiting.

[Tokarev] But, you will agree, that the most secret service in our case was always considered to be the Committee for State Security. Covert operations within the country and beyond its borders were always linked with its activities...

[Senyukov] That is not quite true. Many of the ministries and agencies and primarily the government are keepers of state and military secrets. KGB in itself is not the holder of state secrets, it is called upon to protect them against intrigues of intelligence services of foreign states. As they say, the bravery of the city obtains while vigilance holds. Since foreign intelligence services operate in a clandestine manner it is only logical that the activity of the KGB must also be covert, based on its own secret operational methods characteristic only of security organs.

[Tokarev] There are current rumors that, in the light of the disintegration of the Soviet Union, American intelligence is reorganizing operations against countries of the present CIS in line with its curtailment.

[Senyukov] All intelligence services of the world engage in the gathering of information on countries around them. That is an axiom. Your question is correct in that the CIA is indeed reorganizing its work. But only in the direction of an all-round activation of intelligence activity. Judge for yourself: a year ago expenditures on the maintenance of this superagency of the USA amounted to 25 billion dollars, whereas this year they are already 30 billion dollars, and according to available data—38 billion dollars. A lion's share of them are spent on intelligence operations in CIS countries. CIA leadership does not conceal this. By the way, let me remind you that it is apparently not by coincidence that R. Gates, who specialized in countries of East Europe and the USSR, was appointed to this post. Thus, in a speech at Langley, he noted that his agency "launched an unprecedented campaign to collect information on the former Soviet Union."

G. Bush, in a meeting with veterans of the CIA, announced: "Success in the struggle against Communism does not mean that the work of the CIA is completed. We do not intend to liquidate our assets in the former USSR, the creation of which cost us a lot of effort..."

[Tokarev] What methods are most characteristic of foreign intelligence?

[Senyukov] The arsenal is broad. It includes technical and space satellite intelligence. More exactly "supplementary intelligence," inasmuch as by virtue of the tradition that has formed preference is given to agent intelligence, i.e. "the human factor." In this regard nothing new has yet been thought of. Technical means, no matter how perfect, still constitute merely a supplement to human perception. How is the process of recruitment proceeding? One must remember that a person is subject to weaknesses. Therefore bribery, blackmail, etc. are widely used in recruitment practices.

[Tokarev] Do you sense this in your work?

[Senyukov] Undoubtedly. Publicity and the lifting of restrictions on access to certain regions, facilities, and enterprises by foreigners whets the appetite of the agents of intelligence services of Western countries. They availed themselves of the opportunity rushing to visit defense enterprises, test ranges, and military training exercises. Under the guise of specialists of various types, experts, inspectors, or simply tourists. The goal remains the same as before—collection of military, economic, and political information, preparation of dossiers on individuals of interest and, as a result, subsequent recruitment of agents.

[Tokarev] Are there concrete facts substantiating this?

[Senyukov] According to published data in the last five years 30 foreign intelligence operatives have been exposed and more than 1,200 attempts at the transmission of important secret information of both an economic and military nature were interdicted. Byelarus counterintelligence agents played a role in this as well.

[Tokarev] Gennadiy Polikarpovich, recently the president of Russia pardoned and released from the penal colony ten of the last political prisoners. They included foreign intelligence agents Yuzhin and Chernov, who are now representing themselves as "prisoners of conscience." How do you view this?

[Senyukov] Just as my colleagues—very simply. Treason, betrayal of the Motherland has no justification at any time. They are not prisoners of conscience, they have none, but of their own weakness. How is it possible to justify that because of their treason the lives of their comrades of yesterday whom they betrayed to their new masters in such a perfidious manner are ruined. It is not enough for them to have avoided punishment but they are now attempting to depict themselves as fighters against totalitarianism. That is just nonsense.

[Tokarev] A trend has appeared in the press at present to calling for repentance and exposure of persons who in one way or another helped the security organs. Is that proper?

[Senyukov] One cannot talk of propriety under conditions where there is a lack of rights and legislative acts.

While attempting to rid ourselves of the legacy of the past we stubbornly continue clinging to it. We condemned 1937, for example, and the so-called extralegal organs. Now again judgement is being undertaken by those who are not endowed with such powers. Criminals are judged by a court. The organs of state security are under the control of and accountable to the Supreme Soviet of the Republic of Byelarus.

The paradox consists of the fact that attempts are being made to accuse us and our assistants of violating the laws that have become outmoded and we are asking for the adoption of new laws so that our activity could acquire a clear legal framework. The law on security organs of the Byelarus Republic and the regulation on operational-investigative activity must legalize the utilization of both technical means and also reliance on citizens for assistance. If we exclude these means from our arsenal we can no longer be called an intelligence service.

Those prompting the declassification of the names of our assistants act amorally at the very least, because people help not the KGB but the state, the protection of whose interests is secured in the constitution.

[Tokarev] What about political persecution? How widespread is it in our case?

[Senyukov] We do not have political persecution as such and do not carry out surveillance on anyone. At present there is no such subdivision in the KGB either. It is just that some people have still not gotten rid of the fear which existed during times of the command-administrative system. In the present conditions such fear is unfounded.

[Tokarev] Many are writing about eavesdropping, eavesdropping on telephone conversations. Is that taking place?

[Senyukov] They do write, and then find it necessary to refute it because at present there are no such cases. If it was necessary in certain cases for the purpose of detecting crime, an approval by the procurator would follow.

[Tokarev] Gennadiy Polikarpovich, I recently read an article by A. Kozlovich in the LITERATURNAYA GAZETA under the heading "CIS Members Are Already Spying on Each Other—States the KGB Chairman of the Republic of Byelarus." Further on there is a conclusion: "The general yearns for past combat glory. The general dreams about new fronts of activity. Naturally, of new victories." Could you comment on this statement by the journalist?

[Senyukov] You know, Kozlovich, in my view is one of those who are performing a disservice to their country. He generated it and others propagated this "canard" via television and in the central and republican press. Going for "the meat" the author is overlooking the main point which was mentioned by E. I. Shirkovskiy. As a professional, as a man responsible for national security of the Republic of Byelarus, Eduard Ivanovich, spoke about

the loss of vigilance, "the erosion of patriotism and pride for one's country." "Open, brazen recruitment of our citizens is taking place... Some are establishing contacts for dollars..." The general wanted to report this thought, his profound concern to the readers.

A. Kozlovich's sarcasm is completely inappropriate about the dreams of the general "about new fronts of activity and new victories." It is true that under conditions of full sovereignty new spheres of activity open up for the republic KGB. At the same time it is necessary to remember that defense of the interests of our sovereign state is the civil duty and obligation of every one of its citizens. Then it will be possible to speak of victories and rejoice about them together if we are true patriots of our country.

[Tokarev] Is it possible to associate the sword on your emblem with the punitive function of KGB organs?

[Senyukov] The sword is a legacy from the past which has possibly outlived itself somewhat and is inappropriate in the current KGB which is called upon to defend our society and the young sovereign state against intrigues of intelligence services of other countries. Punitive functions are the prerogative of the procurator's office and the courts in a state accepting the rule of law. But the fact that the security of the state must be defended not just with bare hands must be clear to all. This should be done professionally and, as they say, by all the world, in order to preserve our state sovereignty.

MOLDOVA

Historical Perspective on Dniester Crisis

92UN1234B Moscow NEZAVISIMAYA GAZETA
in Russian 21 Apr 92 p 3

[Article by Aleksandr Tago: "Moldova: The Timeliness of Compromise, Which the Politicians Scorned" subtitled "Brush Strokes Added to the History of the Conflict in the Dniester Region"]

[Text] Opinion

There is hardly anyone who now remembers how the crisis in the Dniester region began. In the present go-round of events yesterday's news is no longer news, and what happened several years ago is no issue at all. Yet the regrettable history of the war in the Dniester region, where yesterday's good neighbors have gone against one another weapon in hand, tells us a good deal and could be instructive.

The first disagreements between Chisinau and Tiraspol arose in the summer of 1989—immediately following the enactment by a session of the republic Supreme Soviet of a law on the functioning of languages. It prescribed for executives of various levels compulsory knowledge of the official language by 1994, the drafting of documents in two languages and a number of other measures geared to the universal use of Moldavian. This

evoked alarm among the inhabitants of the Dniester region, where "Russian-speakers" compose more than half the population and where the Moldavians have been "Russified" to a considerable extent and do not know their native language. It was for this reason that a wave of mass strikes developed on the left bank of the Dniester at the busy time of the 1989 harvesting. In Chisinau, which was at this time experiencing the peak of national revival, the least concession on the language issue would have been regarded by the radical-patriotic majority headed by the People's Front of Moldova as a betrayal of national interests and a concession to the "forces of occupation." The leadership of the republic attached no particular significance to the strikes. It confined itself to dispatching the language laws for examination by experts, who rated them as being sufficiently democratic and not in conflict with generally recognized international enactments. They considered this the end of the conflict. Chisinau knew that passions on the Left Bank were seething (people were worried that they would be unable to pass the language tests), but tried not to notice, and to ignore the deputies of Moldova's parliament from the Dniester region. And even when a majority of them had ceased attending meetings of the session, it was decided that they would be going nowhere: They would come if they wanted. But they did not come. A Congress of People's Deputies of the Dniester region of all levels met in September 1990 in Tiraspol. It proclaimed the Dniester Moldavian Republic and declared its firm intention to build this territorial formation outside of the Republic of Moldova. The reason was the same— infringement of rights by means of the forced implementation of the law on the functioning of languages. It was obvious for the politicians even then that this was largely a contrived reason. It had become clear in the year of operation of the said legislative instruments that no law could force anyone to learn Moldavian if he did not wish to. Also puzzling is the fact that it took a whole year for the adoption of such contrived sanctions for protection against an "inconvenient" law. These and other circumstances indicated that a third force interested in the creation of two republics on the territory of Moldova had appeared. It is not hard to guess who this was—the leadership of Moldova had by this time had the injudiciousness to declare for all to hear its intention to acquire independence and secede from the USSR. Under these conditions the pro-center forces decided to persuade the republic to sign the Union Treaty by means of a threat to its territorial integrity. But all this can be clearly seen only now. At that time, on the other hand, the leadership of Moldova had no wish to consent to a dialogue with the leaders of the Dniester region, fearing that negotiations could be taken by some people as recognition of the PMR [Dniester Moldavian Republic]. A cat-and-mouse game began: Tiraspol adopts legislative instruments, Chisinau annuls them. The parliament of Moldova recessed, and groups of deputies headed for the left-bank districts. They saw for themselves there that information from Chisinau was not reaching here or was reaching here in highly distorted form and that people did not want confrontation but wished to have if only the least

confidence in the future. Dialogue and compromise at that time could still have changed everything. But few people understood this. The People's Front faction, on the other hand, which had a majority in parliament, declared unequivocally that there was nothing to talk about with anyone and that there could be no question even of any concessions. It was at that time, by all accounts, that the opportunity for resolving the problem in civilized fashion was finally lost. And in October of that same 1990 the new leader of the Front, still secret at that time, Mircea Druc, prime minister of the republic, graphically demonstrated "how separatism should be combated." He embarked on an unprecedented action to uphold the integrity of the republic with the aid of force, having organized against the Gagauz Republic, which had been formed in the south of Moldova, squads of Moldavian volunteers. Only the efforts of Mircea Snegur, who had acquired presidential authority, prevented the irreparable. The people understood who was worth what: Snegur's authority strengthened markedly, Druc's popularity rating simultaneously declined, and the indestructible ranks of the Front were shaken. But the deed was done. The possibility of Chisinau's dialogue with the two new-sprung republics had become quite illusory. Even after Druc's departure and the switch of the Front to opposition to the official leadership, the leaders of Tiraspol and Komrat, with the support of the Moscow patrons from the USSR Supreme Soviet, were able to easily present themselves as the aggrieved parties in the face of "Chisinau's nationalist regime." In addition, the Front helped them yet again with the statement of "aspiration to unification with the motherland of Romania." The "language" arguments had by this time become etiolated, and the Front's unconcealed orientation toward unification with Romania became an outstanding trump card in the hands of the creators of the PMR. Even following the departure from the political arena of Lukyanov and company, who, in the testimony of many, are the secret fathers of the PMR, the Tiraspol leaders have been playing this card with success.

Recent events have shown convincingly that the leaders of the Dniester region and the People's Front, which had switched to opposition, which are pursuing, it would seem, diametrically opposite goals, are largely in agreement as concerns the policy of Chisinau officialdom. For instance, they occupied an identical position in respect of the presidential elections in the republic. As if helping one another, they boycotted the election campaign and sustained a defeat together inasmuch as 80 percent of the inhabitants of Moldova actively participated. Furious attempts have been made on several occasions during the president's absence to inflame the atmosphere. There have been small-scale bloody clashes, after which the sides have accused one another. At the start of March, on the eve of Moldova's admittance to the United Nations, a tragedy, an end to which is not in sight, was played out. The details are in the newspapers and on the air every day, and it may confidently be said that this was to the advantage of those who are very much opposed to Moldova's independence being recognized at so high a

level. It is obvious that Moldova's entry into the United Nations complicates considerably both its reunification with Romania and a revision of internal administrative borders and the dismemberment of territory. Banking down the conflagration which has flared up is now difficult. The time for compromise and negotiation has been let slip. Speculating on the Romanianization being threatened on the part of the Front and the growing danger of separatism on the part of the Dniester region, the parties are inflaming passions. Despite the world community's recognition of Moldova's independence, the People's Front does not intend to forgo its program statement concerning reunification with Romania, and the leaders of the Dniester region would like to obtain firm guarantees that this will not happen. No arguments of the president and the official leadership of the republic are working any longer, and for this reason a general referendum on the future status of Moldova would, in the opinion of many observers, knock the trump cards from the hands of the antagonists. Some

members of parliament raised this question seriously last November. But the People's Front, which knows full well that the vast majority of the population would oppose unification with Romania, succeeded at that time in gaining the upper hand over the supporters of a referendum. In the present situation a referendum, as a means of determination of the will of the people generally recognized throughout the world, would be one of the few, if not the sole, stabilizing factors in the republic. But the Front is, as before, categorically opposed. At the same time the Front, since Snegur's imposition of a state of emergency, has in fact ceased to be an opposition to the president and the leadership as a whole—some cooperation has been established even. All this leads us to believe that with serious opponents on the left bank of the Dniester the president will hardly want a new exacerbation of relations with Front supporters, who are standing alongside, and that, consequently, it cannot be ruled out that there could come a moment when a referendum also could prove unnecessary.

KAZAKHSTAN

State University Official Interviewed on Demographic Issues

92US0380A Alma-Ata ANA TILI in Kazakh 6 Feb 92
pp 1-2

[Interview with Azimbay Ghaliyev, department head of the Kazakh State Economic University, recorded by Q. Qarasay: "We Are Growing Very Slowly, But We Are Growing!"]

[Text] Mr. Maqash Tatimuly officially announced recently in a televised speech some preliminary demographic projections: "The number of Kazakhs living in Kazakhstan will attain a round number, or about seven million, at the time of the coming Nawryz Festival." Leaving aside remote history, "when times were tough," simple survival of the Kazakh people, which suffered so many disasters in the Soviet period, whose ranks were decimated, and who were oppressed in many ways, has been a major achievement. Some formerly central, now Russian, papers have been raising a one-sided hubbub with statements to the effect that: "Alas! The Peoples of Central Asia and Kazakhstan are increasing!" "Their birth rates are high!" When they do this it is clear to everyone that they are confusing the issue by lumping together the various aspects of the quantitative and qualitative growth of a given people. What special characteristics are there to be observed in the growth of the Kazakhs? What directions should be maintained in the demographic policy of an independent Kazakhstan in such a difficult time as today. Below, we have briefly questioned Azimbay Ghaliyev, department head of the Kazakh State Economic University, about these and similar issues. He is one of our very few specialists in the sector in question, and a young scientist who has offered well-founded replies in the pages of the Russian-language periodicals published in the republic to those bearing unpleasantness, and offering wild words.

[Qarasay] Mr. Ghaliyev, in difficult times such as today's, when there is a great deal of want, encouragement of large families has become difficult. How so?... "If a child is born, we do not have enough food for it to eat, or clothing for it to wear. We thus limit ourselves to one or two children. Is it not better that we devote all of our resources to raising just these one or two, and thereby refine the ranks of the people?" If we once heard such statements only now and again, it would seem as if we are hearing them now from every other person ...

[Ghaliyev] "Ranks of the people" is to be sure a common metaphor. In one respect, it is something understood in a conventional way. Do not the Kazakhs have the expression: "A bad woman will have her husband's only horse slaughtered, a good woman satisfies her husband in every way?" We cannot confuse the issue. The meaning below the surface is that raising a single child in an unsatisfactory family will not work. "Each child has its own fate," the proverb says (in popular use this

expression is sometimes used in regard to guests). For that reason, I understand things in their most immediate sense, as above. My friend, I think that you should think about this a little. A child which grows up an only child in abundance, and never has to worry about food or clothing, travels a meandering path, and we indeed know parents who express regret about this. We also know children of large families who raise large families, and live a good life. The tradition of large families which exists among the Kazakhs is not, as some have said, a sign of backwardness, but an honorable characteristic which we should be proud of.

However, the so-called want which has descended upon the people, this is something temporary. I would like to talk about something which disturbs me in connection with these difficulties. Most of my colleagues in the country today seem to be passing the time of day saying in panic: "If our sovkhoses and kolkhoses are split up, how will we live? Will we have to go on the trek?" On the contrary, is this not a good time to be alive!? Moreover, it is not difficult to become divorced from the land where we have lived, also from our livestock. I do not agree with the statement that we have to accept our fates since "Kazakhs know nothing about business." Just as we got tired of things in the Soviet era, and changed our values, so we must make it known that we are not so opposed to trade, one way our ancestors lived. Fairs such the Qarqara horse fair, which brought together the Kazakh, the Kirghiz and the other Alash peoples, and the Qoyandy, did not fall from the skies.

Well-respected publications very popular among you have ranted and raved in writing about the tradition of high birth rates among the Kazakhs, and among Muslim peoples generally. When they do so it is to be understood that they are not just shooting the breeze, but have another objective. Last year, a lengthy article by the American demographer Mikhail Bernstam entitled "How Much Life Remains to the Russian People?" was published in the periodical MOSKVA. The author attempted to sound the alarm by "proving" in this magnum opus that the birth rate of the Russian people was down sharply, and that, in exchange, the birth rates of peoples such as the Uzbeks, Kazakhs and Kirghiz are at a high level. Is it possible that this scientist, who has all the information in the world at his disposal, is unaware of the tendency of birth rates to decline among so-called "other" peoples of the world? For example, whereas the fertility rate was 5.0 children in 1972 per Kazakh woman, it was 4.85 in 1978, 4.3 in 1985, and 3.8 in 1990. One will understand this decrease if one looks at information from the last Soviet census. Another "Moscow" publication has stated: "Not just births every year, but two births a year, for example, in January and again in November-December, are not all that uncommon in Turkmenistan (this includes the Central Asia republics and Kazakhstan)." The article intentionally confuses terms such as "birth of children," and "becoming pregnant."

To tell the truth, we have been disappointed in our efforts to achieve large families. At present we must prevent our birth rates from falling into decay. The next priority after that will be to struggle to decrease infant mortality drastically. Family limitation is at a very high level among Kazakhs. There is nothing wrong with the idea itself, but the situation now in the regions of ecological disaster is nothing to rejoice about.

[Qarasay] What other circumstances are there besides these affecting the growth of our people's numbers?

[Ghaliyev] They include control of migration and the qualitative development of the people. The qualitative advances made by the Estonian population during the last 10 years are well known, although it has not grown quantitatively. The Kazakh population has above all become concentrated in large cities, and educational levels and standards of living have not improved. Others may think differently, but I think that efforts to raise Kazakh numbers by introducing polygamy, and by other means, are a waste of time. A great deal depends upon government policy. We must strive, while reducing the power of the military and industrial complex, to become a nuclear-free nation. You cannot scare anyone with nuclear weapons today, and we have very little need to frighten anyone. We have nothing to hide. Most of the people in the military leadership in Kazakhstan are people of European extraction. This fact must be taken into consideration in an independent republic. Countries of Africa and Latin America have developed their military structures a great deal. Now they must worry about military revolutions.

[Qarasay] There is presently a great deal of coming and going in Kazakhstan, to say the least. Who is coming, who is going, do you think?...

[Ghaliyev] Since Kazakhstan is a sector the people have a great deal of interest in, this fact sometimes gives rise to a varied atmosphere of discussion about migration in general terms as something which is quite excessive and all-embracing. This being the case, there is no need to rely on actual statistics. Whereas during the period 1988-1990, 53-56 percent of those leaving Kazakhstan were Russians, 9-12 percent were Ukrainians, 6.6-8 percent were Germans and 6-9 percent Kazakhs, 48 percent of those coming to the Republic in 1990 were comprised of Russians, 8 percent Ukrainian, 5.0 percent Germans and 20 percent Kazakhs. In other words, in 1990 the number of Russians (with migration and emigration included) grew by 17,700, the number of Ukrainians by 4,100 and the number of Kazakhs by 16,600.

Most of the Kazakhs coming to Kazakhstan have come from the Central Asian republics and Mongolia. What

surprises us is that among Kazakhs coming to Kazakhstan the number of those joining the ranks of the intelligentsia is quite low. The situation is sad for the Kazakhs of Mongolia in particular. We are repeating the experiences of 1959 and 1962 when educated Kazakhs migrating from Xinjiang were put to work entirely in animal husbandry. Most of the Kazakh specialized workers now coming in from outside are being forced to move to remote enterprises and units. We must not force our kinsmen who have come from great distances yearning for the Kazakh homeland into environmentally unsuited, remote settlements far from the large cities, into areas which are economically and socially backward, and likewise into areas of nuclear weapons testing (unfortunately, this has happened). As much as possible, we must settle them as communities, with their families and relatives, in areas of labor shortage in northern and central Kazakhstan, and in areas there which are not remote from large cities and rayon centers. Only then will our kinsmen scattered to the winds in difficult times pour into Kazakhstan in greater throngs.

[Qarasay] In recent times it would seem that there are more and more Kazakh young people marrying into other ethnic groups. Is inter-ethnic marriage a danger to the Kazakhs?

[Ghaliyev] For Kazakhs living in Kazakhstan there is no appreciable danger due to inter-ethnic marriage. Whereas the rate of inter-ethnic marriages among Kazakhs in 1978 was 4.6 percent, it was 3.9 percent in 1988. However, among Kazakhs living abroad, it should not surprise that the numbers of our kinsmen intermarrying with other ethnic groups continues to rise as time goes on, and most of the children of these marriages, perhaps nearly all, lose their Kazakh culture, and gradually lose connection with Kazakhs. For example, whereas the percentage for inter-ethnic marriages among Kazakhs living in Uzbekistan was 13.1 percent in 1978, it had increased to 16.4 percent in 1988. The figure for Russian Kazakhs was 16.7 percent in 1978, but the figure was 24.5 percent in 1988.

[Qarasay] To get to the gist of the discussion: are we indeed growing but slowly?

[Ghaliyev] Indeed, there are many indications of advances in the growth indicators of our people. Whereas 53.2 percent of children born in Kazakhstan in 1989 were Kazakh, this figure grew to 55.5 percent during 1990. (The Russians accounted for 26 or 24 percent.) We can also look at marriage statistics. Kazakh young people establishing families in 1990 were 45.6 percent of all those marrying.

If this rate of growth is not lost, and if we continue the good traditions of the people, we will eventually arrive at a day when the clouds hovering about our mother tongue will gradually dissipate.

Birth, Death and Rate of Natural Increase Figures for Peoples Living in Kazakhstan. (The top figure is the raw number in thousands. The bottom figure is percentage of total births, deaths or net increase.)

	1989			1990		
	Total Births	Total Deaths	Net Increase	Total Births	Total Deaths	Net Increase
Republic	382269	126378	255891	363335	128787	234548
	100.0	100.0	100.0	100.0	100.0	100.0
Kazakh	203548	40932	162616	201560	42253	159307
	53.2	32.4	63.6	55.5	32.8	67.9
Russian	99309	53659	45650	90400	55148	35252
	26.0	42.5	17.8	24.9	42.8	15.0
Ukraine	16374	10344	6030	14431	10389	4042
	4.3	8.2	2.4	4.0	8.1	1.8
Byelarus	3604	1735	1869	3058	1655	1403
	0.9	1.3	0.7	0.8	1.3	0.6
Tatar	6435	2745	3690	5891	2801	3090
	1.7	2.1	1.4	1.6	2.2	1.3
Uzbek	10550	1860	8690	10559	1734	8825
	2.8	1.5	3.4	2.9	1.3	3.8
Other	42449	15103	27346	37436	14867	22569
	11.1	12.0	10.7	10.3	11.5	9.6

KYRGYZSTAN

New Trade, Material Resources Ministry Created

92US0452A Moscow *TORGOVAYA GAZETA*
in Russian No 49, 25 Apr 92 p 1

[Interview with Andrey Andreyevich Iordan, newly appointed Kyrgyzstan minister of trade and material resources, by A. Orlov, correspondent; Bishkek; date not given: "A Bureaucrat Becomes A Businessman: New Ministry Created"]

[Text] A Ministry of Trade and Material Resources has been created in Kyrgyzstan; it combines the functions of the former Ministry of Trade and those of Gosnab [Main Supply Administration]. Minister A. Iordan has just assumed his new duties.

[Orlov] Andrey Andreyevich, two systems have been merged which previously seemed to be—so to speak—situated on different islands....

[Iordan] We needed to combine their efforts in order to form and fill a market as rapidly as possible. Now we must flexibly and correctly manage the resources which we have in this republic. Therefore, the merger is not just a mechanical action, and staff reduction is hardly its principal purpose.

[Orlov] What are the most immediate tasks for the new ministry?

[Iordan] There is an Ukase issued by Kyrgyzstan's president on trade making the transition to a commercial basis. Administrative structures are becoming less and

less needed; for example, the need for public dining trusts or trade administrations is gradually disappearing. Their subdepartmental enterprises have become or are becoming legal entities in their own right; they are opening up their own accounts in banks. Nowadays a store director must obtain merchandise by his own efforts.

[Orlov] If we were to continue this line of reasoning, the store director would not need a trade ministry.

[Iordan] We have decisively and thoroughly changed the ministry's functions as follows: We are proceeding to the level of interstate trades; we will be working with partners from the CIS [Commonwealth of Independent States] countries; we will restore links which have been broken off; and we will facilitate the movements of goods. I think that our work will be useful for store directors as well. Excessive paperwork will be sharply curtailed, and the ministry's staff members will become more like businessmen. Because, of course, they are learning and mastering practical experience, they will have the balance sheets and breakdown of all the resources, and they will know the need for various items.

[Orlov] Well now, these days information really does rule the world. But there's no sense in having a glut of information if there is a shortage of goods. How do you intend to influence production?

[Iordan] Administrative levers are not in favor these days. Instead, we need to coordinate and harmonize our interests. It has turned out to be likewise advantageous for industrial enterprises to have connections with our ministry as a permanent partner. For example, the

Bishkek Knitted-Wear Association delivers its products to us, and we help them to find dyes. We have reached the following agreement with the machine-builders. They supply us with a certain assortment of items, even though—perhaps—it would be more advantageous and profitable for them to produce other items; but we provide them with a guaranteed supply of metal and lumber. We have also found a common language with a certain defense-type enterprise, which has begun to manufacture flatirons and meat-grinders.

I have cited some simple examples. But you see what kind of chain is formed: producer-ministry-store-customer. And we are an important, mobile link in this chain. This new function also forces us to thoroughly change the structure of the apparatus. It will become flexible and modular. Instead of divisions, groups will be created—groups which will solve specific problems.

We likewise intend to transform wholesale trade, to bring it up to a new level of independence, to make centers with joint-stock enterprises by groups of items, and to expand the rights of their leading officials, i.e. managers. But all this must be weighed once again.

[Orlov] Andrey Andreyevich, how is privatization proceeding in this republic? Nowadays this is an extremely complicated and painful matter.

[Jordan] Let me tell you straight out: There has been no noticeable effect. There are 3,000 trade facilities in Kyrgyzstan, along with almost 33,000 employees in the fields of trade and public dining. So far only about 100 stores and cafeterias have been privatized.

Some time ago we had to call a halt to privatization because persons arriving from other regions were beginning to buy up our stores, and our population grew indignant and exasperated. Nowadays only the inhabitants of our republic are participating in privatization. The primary and predominant right is enjoyed by the labor collective of the facility in question. What happens basically is that the employees buy up their own trade or public-dining center by taking out a loan from the bank. But if the labor collective expresses itself against privatization, then that desire is also taken into consideration. It is possible that certain enterprises in this sector will not be privatized. I do not see any harm in this; life has a way of seeing to it that everything falls into its proper place.

UZBEKISTAN

Allegations of Official Corruption Reviewed

92US04334 Moscow ARGUMENTY I FAKTY
in Russian No 15, Apr 92 p 2

[Article by D. Makarov: "Will Tashkent Become a City of Abundance?"]

[Text] Since rumors began circulating in Tashkent about an impending currency reform, small changes have become

virtually impossible to get. Subway turnstiles are shut down, and paper tickets have had to be introduced. In a store you may get a slice of bread as change, or in a pharmacy a plastic comb.

Political life in Tashkent is also full of rumors, often based on all sorts of indirect information. Insiders predicted the fall of Vice-President Mirsaidov after President I. Karimov rudely interrupted him at two public meetings, and that prediction came true. Incidentally, the same rumors point to Mirsaidov as the unofficial leader of a large mafia clan and a multimillionaire. An openly clan-oriented policy has always been typical of the Central Asian republics and the Transcaucasus, and no one in Tashkent was surprised to learn that while her husband was in power R. Nishanov's wife served as deputy minister of culture, and Mirsaidov's wife as chairman of the republic Chamber of Commerce and Industry.

Islam Karimov's rise to power in June 1989 raised many hopes in Uzbekistan. And the first steps taken by the republic's first leader confirmed those hopes.

From the very start Karimov took bold action. He personally visited "hot spots" and was not afraid to talk with people driven to desperation by poverty. He was the only leader in Central Asia who decided to run in a multiple-candidate presidential election, which took place in December of last year. The 14 percent received by M. Solikh, his opponent, was a very large number under the conditions prevailing in Uzbekistan, where people have always voted for those in power. Yet it could have been even larger. The presidential apparatus, which is in effect comprised of the republic's former Central Committee, decided to "help" their boss by sending students—the main supporters of the Erk and Birlik opposition parties—on break ahead of schedule.

It should be noted that the students correctly interpreted this "concern" about their vacation scheduling on the part of the authorities. In the opinion of many this was the underlying cause of the disturbances which took place at VUZs [higher educational institutions] in January.

Immediately after the disturbances in January the students were again sent on a break which lasted until 2 March. During that period government emissaries combed the republic and through their parents forced students to state in writing that they did not wish to study in Tashkent and would continue their studies at oblast VUZs, which were hastily renamed universities. Furthermore, an order was issued banning admission of students from other cities to VUZs in Tashkent beginning with the new academic year.

Generally speaking many observers in Tashkent are coming to the conclusion that the good start made by President Karimov is running afoul of the unwillingness of the entire executive power structure to implement any changes whatsoever. Mainly names are being changed. Nine ministries have been transformed into state concerns, but their directors are still called ministers "out of respect." This sort of camouflage has clearly become a habit for the party apparatus. Three years ago, when the process of separating the party from the state began, all

first secretaries of obkoms and raykoms suddenly became chairmen of soviets, and recently they began calling themselves *khakimi*, which translates approximately as "rulers."

As for new parties, it has been made extremely difficult for them to register. The organizers of the Farmers' Party had difficulty collecting the 3,000 signatures required for registration (due to fear of the authorities on the part of the *dekhkan* [poor farmers]). Those who did sign were subjected to intimidation and a majority of them subsequently refused to acknowledge their signatures, giving minister of justice M. Malikov an opportunity to declare those signatures forgeries.

Anyone who has ever visited poor farmers' homes anywhere in the remote areas of Uzbekistan will never forget their unbelievable poverty. You could search through an entire home like that and find nothing but piles of blankets which the entire large family sleeps on and covers itself with. In many places cotton is planted virtually right up to the doors of the houses in an effort to ensure our country's "cotton independence." While comprising the source of our republic's wealth, cotton is also a source of impoverishment for those who grow it. Incidentally, the president is well aware of that, and recently he issued an ukase reducing the amount of cotton sown. However, many people in Uzbekistan doubt that that reduction will be carried out; it may suffer the same fate as last year's ukase on land which declared that farmers' private garden plots would be increased in size from 6-8 *sotki* [hundredths of a hectare] to 20 *sotki*. However, in the face of stubborn resistance by the feudal-bureaucratic elite land was distributed to only a few, either for large bribes or to relatives of those in power.

In recent years many joint ventures have been established, but the smell of dirty party money clings suspiciously to many of them. Party Central Committee second secretary A. Yefimov, formerly "Moscow's man" in Uzbekistan, became head of a joint venture involving participation by many countries when he left his Central Committee post. The Central Asian branch of Menatel, which has recently been repeatedly accused of concealing party funds, is headed by D. Berkov, a former Central Committee colleague of his.

"Engaging in commercial activities here in our republic," I was told by one Uzbek businessman, who naturally asked to remain anonymous, "is virtually impossible. One must pay bribes on every hand or use connections with relatives and friends. It sounds funny, but intermediary activities, which could actually be interpreted to include any commercial operations, is among those activities requiring a special license, along with weapons manufacture."

As a result business in Uzbekistan often assumes distorted forms. Traders offering the local "currency"—coupons—stroll around the local TsUM Store. A one-ruble coupon costs 7 kopecks. They say that in the

morning the TsUM loudspeakers play music which is listened to closely by the resellers who gather there at the start of the business day. If they play "Kakim ty byl, takim ty i ostalsya" [The Same as You Ever Were], that means that they can go home—nothing new has been put out on the store shelves. If they play Rashid Beybutov's version of "Arshin mal alan" that means there is something to buy.

And so all is calm in Tashkent.

Coupons To Be Used for Consumer Goods

Decree on Use of Coupons for Consumer Goods

925D0343A Tashkent PRAVDA VOSTOKA in Russian
31 Mar 92 p 2

[Decree of the Cabinet of Ministers Under the President of the Republic of Uzbekistan on Improvement in the Procedure for the Sale of Consumer Goods for Coupons]

[Text] For the purpose of intensifying protection for the republic's internal consumer market, stably providing the population with goods, and further regulating the sale of goods for coupons, taking into consideration workers' opinions and wishes, the Cabinet of Ministers decrees:

1. To extend to the second quarter of 1992 the operation of the Decree No 1 dated 2 January 1992 of the Cabinet of Ministers of the Republic of Uzbekistan on Protection for the Consumer Market of the Republic of Uzbekistan in 1992 with respect to points 1 and 4, eliminating the fourth paragraph from it.

To put into circulation as of 1 May 1992 cards with coupons of new models. Cards with coupons of the model of the first quarter are in effect until 1 July of the current year and are not subject to exchange.

2. To approve:

- with due regard for the introduced changes and supplements, the Provisional Statute on the Procedure For the Sale of Goods for Cards With Coupons and Their Distribution, Keeping, Recording Encashment, and Circulation (Appendix No 1);
- the list of foodstuffs and nonfoodstuffs sold to the population without the presentation of coupons (Appendix No 2).

3. With due regard for the results of the survey concerning the existence of unrealized coupons among citizens and for the purpose of regulating the mass of goods and the population's income, to establish for the second quarter of 1992 a new differentiated scale for the determination of the amount of distribution of coupons according to fixed income in conformity with Appendix No 3

4. Ministries, departments, associations, concerns, enterprises, organizations, and farms of all forms of ownership must submit before 3 April of this year to appropriate bank institutions applications for the necessary number of coupons in accordance with the new scale for the determination of the amounts of distribution of coupons according to fixed income.

All enterprises, organizations, institutions, and farms located on the republic's territory must ensure the distribution of coupons to workers, pensioners, students, and other categories of citizens for the month of April before 10 April and for May, before 1 May 1992.

5. To establish that goods valued at more than 2,000 rubles are sold to the population both for coupons and checks or check books, or through transfer on depositors' instructions.

6. The Council of Ministers of the Republic of Karakalpakstan and governors of oblasts, the city of Tashkent, and rayons within a week must approve for retail trade enterprises, by representation of their superior trade organizations, the ratios of the amounts of proceeds in rubles and coupons.

The Uzbek State Bank, the Uzbek Industrial and Construction Bank, and the Uzbek Agro-Industrial Bank must constantly control the observance by trade enterprises of the established procedure with respect to the encashment of coupons and the conformity of the approved ratios of delivered amounts of proceeds in rubles and coupons. Every month they must inform the Cabinet of Ministers of the results of work by trade enterprises with respect to the conformity of the amounts of proceeds in rubles and coupons.

7. The Ministry of Trade of the Republic of Uzbekistan, Uzbekbriyash, and other ministries and departments, which have a trade network, must ensure strict observance of the procedure for the sale of goods for coupons established by this decree. Managers of trade enterprises and organizations not ensuring the observance of this procedure are subject to dismissal from their posts.

8. Bodies of internal affairs must activate work on identifying persons engaged in buying and selling coupons, institute proceedings against violators in accordance with law, and ensure wide publicity for the work done.

9. To introduce changes in the structure of the Republican Commission on the Realization of the Decree of the Cabinet of Ministers on Protection for the Consumer Market of the Republic of Uzbekistan in 1992 according to Appendix No 4.

10. To declare invalid points 2, 3, 5, and 6-9 and paragraph I of point II of the Decree No 1 dated 2 January 1992 of the Cabinet of Ministers on Protection for the Consumer Market of the Republic of Uzbekistan in 1992, as well as of the decree No 41 dated 31 January 1992 of the Cabinet of Ministers.

11. To entrust the control over the fulfillment of this decree to deputies of the prime minister of the Republic of Uzbekistan—managers of appropriate complexes.

[Signed] I. Karimov, chairman of the Cabinet of Ministers
City of Tashkent, 30 March 1992

Provisional Statute on Coupon Distribution and Use

925D0343B Tashkent PR AVDA VOSTOKA in Russian
31 Mar 92 p 2

[Appendix No 1 to the decree dated 30 March 1992 of the Cabinet of Ministers: Provisional Statute on the Procedure for the Sale of Goods for Cards With Coupons and Their Distribution, Keeping, Recording, Encashment, and Circulation]

[Text]

I. GENERAL PROVISIONS

1. Cards with coupons (hereinafter, coupons) on the territory of the Republic of Uzbekistan retain their effect for the second quarter of 1992 for the purpose of further protection for the internal consumer market.

2. Cards with coupons are a document for one-time use representing the right to the purchase of goods.

II. PROCEDURE FOR THE SALE OF GOODS FOR CARDS WITH COUPONS AT RETAIL TRADE ENTERPRISES

3. Foodstuffs and nonfoodstuffs, with the exception of those indicated in points 4 and 5 of this statute, are sold for coupons in the system of state (including commercial) trade and of consumer cooperatives, in private stores, and at enterprises and organizations engaged in their production, purchase based on commodity exchange operations and for currency, and sale to their workers.

Payment with coupons is made simultaneously with payment for the value of goods with existing bank notes and with the cutting off of the equivalent sum of coupons from the card.

4. The following are sold without coupons:

- foodstuffs and nonfoodstuffs according to Appendix No 2
- products of public dining enterprises
- goods in stores located on the territory of military units (servicemen in active service), colonies, and corrective labor institutions,
- goods in private stores purchased outside the republic with their own funds.
- consumer goods for the population delivering secondary raw materials
- rendering of any types of services, including the value of used materials and spare parts

5. Goods valued at more than 2,000 rubles are sold to the population both for coupons and checks or check books or through transfer on depositors' instructions from their personal accounts in bank institutions.

6. The sale of goods by enterprises, institutions, organizations, and cooperatives through the retail trade network for cash without coupons is prohibited. Coupons without a card or improperly formulated coupons are invalid.

7. The payment for a purchase of a value equal to or smaller than 50 kopecks is made without coupons. The payment for a purchase expressed in rubles and kopecks, when it is paid for with coupons, is rounded off to the appropriate amount in rubles according to the rules for rounding off (under 50 kopecks inclusive, to the smaller side; 51 kopecks and above, to the larger side).

8. Coupons in trade enterprises, institutions, and organizations, as well as at refueling stations, are redeemed through cutting off and stapling, are grouped according to their nominal value, and during the work day are kept by a financially responsible person (salesman, cashier, or cashier-controller), or by a person responsible for the sale of goods at the enterprise. Cards are subject to return to the client.

9. Store salesmen, as well as persons responsible for the sale of goods—received as a result of exchange operations and for currency—at enterprises and organizations, keep a double record of trade proceeds in rubles and coupons. Coupons are a document of obligatory reporting.

10. The manager of a trade enterprise is responsible for the observance of the established ratios of amounts of proceeds in rubles and coupons. The permissible percent of divergence is established by a superior trade organization.

Managers of trade organizations, depending on the date set for the submission of commodity and monetary reports (after 5 or 7 days), check without fail the observance by every store of the established encashment procedure and of the established ratio of the amounts of proceeds in rubles and coupons. Managers of trade enterprises (stores), who do not ensure the observance of this percent and the delivery of coupons simultaneously with proceeds and who do not observe the established procedure for the encashment of coupons (redemption of coupons through cutting off, stapling, packing, and so forth), are subject to dismissal from their posts.

Managers of trade organizations, who do not ensure the fulfillment of the Provisional Statute by trade enterprises (stores) within their jurisdiction, bear similar responsibility.

11. The procedure for the recording, movement, and delivery of encashed coupons to bank institutions is implemented in accordance with the instruction and procedure of the Uzbek State Bank, the Uzbek Industrial

and Construction Bank, the Uzbek Agro-Industrial Bank, the Ministry of Trade, Uzbekbriyash, the Uzbek Savings Bank, the Ministry of Communication, Uzkooptorg, and the State Committee for the Supply of Petroleum Products of the Republic of Uzbekistan.

III. PROCEDURE FOR DISTRIBUTION OF COUPONS TO CITIZENS

12. Coupons are distributed

- at the place of the main job, study, service, receipt of pensions, transfers by communications departments, and corresponding banks;
- to persons engaged in the private subsidiary sector and delivering their products—by appropriate organizations on the usual terms;
- to pensioners who were servicemen and persons equated with them—by bank institutions;
- to students receiving grants from enterprises and organizations—only at the place of study.

Organizations, which do not receive cash for the payment of wages in bank institutions and ensure their payment from proceeds, receive coupons in the bank on the usual terms.

The distribution of coupons to enterprises, institutions, and organizations, which are located on the republic's territory, but receive wages through transfer from other territories, is made by bank institutions in accordance with the established procedure for the submission of wage lists.

Persons holding several jobs simultaneously receive coupons at the place of their main job according to the combined income and those who receive wages according to labor contracts, on the usual terms.

13. When leave money is calculated for workers, the sum of distributed coupons is determined on the basis of the due sums separately for every calendar month of the leave.

Issued credits of banks and enterprises, as well as sums paid by insurance bodies, are not provided with coupons.

IV. Amount of Coupon Distribution

14. The sum of coupons for distribution is determined according to a differentiated scale, in conformity with Appendix No. 3, depending on the amount of wages, pensions, allowances, grants, and other fixed income subject to issue (after deduction of taxes, maintenance payments, and other withholdings) and is rounded off to the proper sum according to the rules for rounding off (under 5 rubles, to the smaller side; 5 and more, to the larger side).

Coupons are distributed once a month according to the new differentiated scale.

The distribution of coupons for April is made with models of the first quarter until 10 April of this year in

the established amounts based on wages, pensions, allowances, grants, and other fixed income and, in case of their shortage, coupons of new models are distributed. For May coupons of new models are distributed until 1 May and for June, until 16 June 1992 with a subsequent recalculation.

Coupons distributed during the first quarter are valid until 1 July of the current year and are not subject to exchange.

Persons who do not have a permanent place of work and engage in individual labor activity, produce agricultural products, sell their products on the *kolhoz* market, or deliver them to cooperatives, or persons who receive royalties, as well as those who work outside the republic, receive coupons in the amount established by the scale (Appendix No. 3) in bank institutions at the place of residence upon presentation of a permit for receiving them. The permit for receiving coupons is distributed by local bodies of management (*khakimiyat*) on the basis of income certificates issued by tax inspectorates.

Citizens receiving royalties submit income certificates for the past year, which are issued at the place of receipt of income, to state tax inspectorates.

Servicemen demobilized from the ranks of the Soviet Army and temporarily (up to 3 months) not working, citizens released at their own request, or owing to a staff reduction, and temporarily (up to 1 month) not working, very old single citizens not receiving pensions and social assistance, and citizens released from penal institutions and temporarily (up to 1 month) not working receive coupons in the amount of 150 rubles in bank institutions upon presentation of a permit for receiving them, which is issued by local bodies of management (*khakimiyat*) on the basis of a military service record book, identity card, labor book, or certificate of release.

Henceforth, before the beginning of the effective period of section IV "Social Guarantees in Case of a Loss of Job" of the law indicated below, which is established by point 1 of the Decree of the Supreme Soviet of the Republic of Uzbekistan on the Procedure for the Implementation of the Law of the Republic of Uzbekistan on the Population's Employment, coupons in the amount of 150 rubles will be distributed to the temporarily unemployed population receiving allowances in accordance with the Decree No. 65 dated 25 March 1991 of the Cabinet of Ministers on Measures for Social Protection for the Population of the Uzbek SSR in Connection with Retail Price Reform.

Women on child care leave receive coupons at their place of work in the established amounts based on the sum of allowances and other income, including compensation. On the expiration of the period of payments of these allowances and compensations coupons in the amount of 150 rubles are distributed to women, who continue their child care leave until the child reaches the age of 3, at the place of their work.

Citizens employed in seasonal work during the period between seasons receive coupons in the amount of 150 rubles in bank institutions on the basis of a permit issued by local bodies of management (*khakimiyat*).

Coupons in the amount of 150 rubles per month are distributed to housewives, who do not have sources of income and are dependent on the family, in bank institutions upon presentation of a certificate issued by local bodies of management (*khakimiyat*).

To disabled persons, who receive monetary compensation for gasoline, coupons are distributed at the rate of 100 percent of the amount of compensation at the place of its receipt once in a quarter.

To children, who receive allowances in connection with the rise in the price of goods of children's assortment, coupons are distributed at the rate of 100 percent of the amount of compensation, other allowances, in accordance with the established procedure.

Coupons based on the sum of financial assistance granted to citizens in connection with sustaining material or physical losses are distributed in the full amount.

Coupons based on the sum of bonuses, rewards, and material assistance for a quarter in rubles are distributed in the established amount in terms of the average monthly allowance.

To foreign citizens, who work on the republic's territory and receive wages in rubles, coupons are distributed as to workers on the usual terms.

Foreign citizens, who do not receive wages in rubles, but reside or are on a mission in the republic, have the right to exchange a freely convertible currency into rubles at the market rate in bank institutions and to receive coupons at the rate of 15 percent of the amount of exchange with due regard for the withholding of the commission charge.

To foreign citizens studying in the republic's educational institutions coupons are distributed in the established amounts. They have the right to exchange a freely convertible currency into rubles and to receive coupons at the rate of 15 percent of the amount of exchange with due regard for the withholding of the commission charge.

Citizens, who are in temporary military service outside the republic, and their family members, who reside permanently in the republic, receive coupons in bank institutions in the amount established by the scale (Appendix No. 3) upon presentation of a permit for receiving them, which is issued by the military commissariat on the basis of a wage certificate at the place of service.

The republic's citizens, who return after work abroad or are going on a regular work leave, receive coupons at the enterprises in which they worked before the mission abroad, and servicemen—in military commissariats on the usual terms.

Persons residing permanently on the republic's territory and working by the watch method outside the republic receive coupons in bank institutions upon presentation of a permit for receiving them, which is issued by local bodies of management (khakimiyaty) upon presentation of income certificates.

Coupons to disabled persons of group I, as well as to pensioners and disabled persons, who reside in boarding homes and are on full state security, are distributed in the amount of the received pension.

Citizens, who receive rewards and bonuses for discoveries, inventions, efficiency proposals, and so forth, receive coupons according to the combined income at the place of their basic job on the usual terms.

Grants to students and pupils who are orphans, or who are left without parental guardianship, and to students and pupils who are on full state security, are provided in the form of coupons in the full amount.

Coupons to members of provisional creative collectives, as well as to citizens performing jobs according to contracts, are distributed at the place of their main job according to the combined income in the amount established by the scale (Appendix No 3).

Coupons to citizens, who undergo recertification by the Medical Commission for the Determination of Disability and do not receive monetary income, are distributed in bank institutions upon presentation of a permit issued by local bodies of management (khakimiyaty) in the amount of 150 rubles per month for the entire period of examination.

Workers at enterprises, organizations, and institutions, who are on leave without pay, receive coupons at the place of work in the amount established by the scale (Appendix No 3) on the basis of the sum of fixed income received during the last month before going on leave.

Blood donors are provided with coupons in the full amount based on the sum received for blood donorship in medical institutions.

Citizens of other republics, who arrive on a long (over 1-month) mission, receive coupons in the amount of 150 rubles per month in the organizations and institutions to which they arrive.

Maintenance payments due in cashless form are provided with coupons in the amount established by the scale (Appendix No 3).

15. Cards with coupons are put into circulation with a form's nominal value of 10, 25, 50, 100, 200, and 500 rubles.

When cards with coupons are distributed in cashiers' offices of enterprises, organizations, and institutions, the sum of coupons is rounded off to the appropriate sum in rubles according to the rules for rounding off (up to 5 rubles, to the smaller side; 5 and more, to the larger side).

Cards are written out to a specific person and are attested by the signatures of the manager and the chief accountant and by the seal of the enterprise, organization, or institution.

After coupons are used up, cards are subject to return to cashiers' offices at the place where they were received for their subsequent delivery to bank institutions for the purpose of destroying them.

Lost and damaged coupons are not restored.

V. PROCEDURE FOR RECEIVING AND RECORDING COUPONS

16. Coupons are distributed in all bank institutions located on the republic's territory, including commercial ones.

17. The person responsible for receiving, keeping, and distributing coupons, on whom contractual responsibility is placed, is appointed by order of the manager of an enterprise, institution, or organization.

The receipt and distribution of coupons are recorded by enterprises, institutions, and organizations in a separate record book, which must be numbered, tied together, and sealed. The number of sheets in the record book is attested by the signatures of the manager of an enterprise (institution or organization) and the chief accountant. The record in the book is made on the basis of credit slips and pay lists.

18. The nominal sum of the coupons distributed to the recipient is reflected in the pay list in an additionally introduced column (line), or in another payment document during the issue of wages, pensions, grants, and so forth.

Representatives of enterprises, organizations, and institutions (irrespective of forms of ownership) receive coupons per pro. in bank institutions at the place where cash is received in accordance with an application submitted in advance.

Communication enterprises, which distribute pensions and allowances, receive coupons based on them in bank institutions in accordance with the pay list prepared by social security bodies, where the sum of coupons subject to distribution is indicated in a separate column. Communication institutions create a reserve for the distribution of coupons for transfer operations.

The formed shortage of coupons is calculated on the basis of the nominal value of lost notes (that is, for 1-ruble coupon, 1 ruble in money).

In order to control the issued number of coupons, bank institutions draw up an order, the copy of which is transferred to enterprises, organizations, and institutions.

For each subsequent receipt of coupons an enterprise (organization or institution) submits an application together with a certificate on the use of coupons during

the preceding period and delivers to bank institutions cards of used coupons for the purpose of destroying them according to the attached form.

19. The received coupons are kept at enterprises, organizations, and institutions in accordance with the instruction on keeping securities and the Statute on the Procedure for Managing Cash Operations in the National Economy.

Coupons are entered on the basis of income and expenditure invoices at nominal value and the record is made in account 004 "forms of obligatory reporting," which is not included in the balance.

State tax bodies, when conducting financial audits at cooperatives, small enterprises, and other cost-accounting formations, check without fail the conformity of the sums of received coupons with wage payment lists.

Bodies conducting audits and checks of the financial and economic activity of enterprises (organizations and institutions) must control the implementation of this procedure.

After the conclusion of the distribution of coupons, but no later than 5 days from the time they are received from the bank, the person responsible for the keeping and distribution of coupons checks the data on the receipt and issue of coupons.

20. Cards with coupons are printed on orders of the Uzbek State Bank of the Republic of Uzbekistan. The printing, recording, transportation, and keeping of coupons in the bank are under the special control of bodies of the Ministry of Internal Affairs, the Republic Administration for Encashment, and enterprises issuing them.

The procedure for recording and writing off cards is established in accordance with the directives on the application of the plan for accounting settlements in the republic's banks.

The manager, chief accountant, and head of the cashier's office at bank institutions ensure strict observance of the rules of acceptance, preservation, and distribution of cards with coupons. Financial responsibility for the preservation of coupons is placed on the head of the cashier's office.

21. Bank institutions ensure the full encashment and preservation of coupons with their subsequent delivery to secondary raw material enterprises in accordance with the established procedure.

22. Bank institutions constantly control the observance by trade enterprises of the established procedure for the sale of goods for coupons. Banks report on shortages uncovered during the recalculation of coupons to managers of trade organizations in order to institute administrative and legal proceedings against guilty workers.

Administrations of the Uzbek State Bank, the Uzbek Industrial and Construction Bank, and the Uzbek Agro-Industrial Bank systematically check the organization of work on this matter in bank institutions.

For an unsatisfactory state of work on controlling the sale of goods for coupons managers and other bank workers are deprived of bonuses and are subject to administrative penalty measures.

23. The procedure for the distribution of coupons for transfer operations by postal organizations is determined by the Ministry of Communication of the Republic of Uzbekistan.

VI. CIRCULATION AND ENCASHMENT OF COUPONS

24. The circulation and encashment of coupons are carried out by all bank institutions.

25. The counterfeiting of coupons is prosecuted according to law to an equal measure with the counterfeiting of state treasury notes.

ARMENIA

Acting Minister of Trade Interviewed

92US0399D Yerevan YEREKOYAN YEREVAN
in Armenian 23 Mar 92 p 2

[Interview, published under the heading "Our Interview," with Acting Minister of Trade of the Republic of Armenia Tigran Grigoryan, by YEREKOYAN YEREVAN correspondent Melsida Aghekyan; place and date not given: "State and Private Trade: Who Will Feed Us?"]

[Text] New problems are emerging in the area of state trade during the present stage of freeing of prices and transitioning to a market economy. What path of development will be followed? What will privatization provide in this area, and what paths exist to surmount difficulties and problems which have arisen? We asked these questions of Acting Minister of Trade of the Republic of Armenia Tigran Grigoryan.

Following is an interview with the acting minister by our correspondent.

[Aghekyan] What problems and tasks have arisen before the Republic of Armenia Ministry of Trade under conditions of a market economy and freeing of prices across the board?

[Grigoryan] As we know, economic, cultural and other treaties of cooperation have been signed with the countries of the CIS. No clear-cut mechanism for implementing these treaties has yet been formulated, however.

In addition, after transitioning to a market economy, state trade has encountered certain difficulties in the area of making on-time payments to suppliers. The problem is that all suppliers demand payment in advance, while because of the high cost of credit in this republic, it is not always possible to make timely payment, as a result of which the shipping of goods to Armenia is delayed.

The next problem is the blockade of our republic. In some instances goods reach the neighboring republics, where they are off-loaded. The hauling of goods by air understandably is very costly, which cannot help but affect retail prices.

The freeing of prices across the board in this republic was an essential but untimely step. Today's prices and the current wages have brought a certain segment of the population in this republic to the brink of poverty. Faced with the present economic crisis, the government is drawing up a number of measures aimed at reducing social stresses. Two months after the freeing of prices across the board, the Ministry of Trade conducted a study of food and non-food trade organizations. Under conditions of free market prices, prices on food and non-food goods items had increased from 8 to 9-fold over prices in effect on 5 January.

The sharp increase in prices on goods was dictated primarily by a sharp increase in supplier prices. In setting free-market prices, trade organizations applied a 20-25 percent trade markup during the first two months of 1992, which could not help but result in a sharp increase in consumer prices.

Another substantial factor in the growth of market prices is the surplus value tax, which results in a mechanical increase in prices on goods and adversely affects purchasing power, consequently adversely affecting the sale of goods.

The only way to hold growth of prices in check and the only way to achieve future price decreases is to accomplish restoration of the economy and to boost consumer goods production. Efforts made by the government give hope that the day is not too far off when we shall see economic stability and the positive results of such stability.

[Aghekyan] What role will the Ministry of Trade have in present conditions?

[Grigoryan] As a result of the move to a market economy and a policy of free prices, a number of the previous functions and tasks of the Ministry of Trade have been eliminated, while certain others have been restricted in scope. Today, with the process of privatization of trade enterprises in progress, a process which will in the future expand in scope, in certain circles there is talk about whether the existence of the Ministry of Trade is even necessary.

In our view, even in conditions of a market economy the state must have a policy in the area of trade and commerce. And the Ministry of Trade should be the agency which coordinates and implements such state policy. In particular, the buying and selling of consumer durables and foodstuffs is carried out on the basis of exchange between states, trade balance, import and export. On the basis of marketing, services promoting and fostering external economic activity, the establishment of goods exchanges, the holding of auctions and trade fairs, regulation of mechanisms of state trade and improvement of methods, the ministry is tasked with making a substantial contribution toward meeting the demands of the public, with organizing, together with interested enterprises and organizations, the production of goods and foodstuffs which are in high public demand, and with using economic methods to influence the production activities of enterprises producing consumer durables and foodstuffs, in order to boost production and improve quality. It is also tasked with performing informational, trade and intermediary services, research, and forecasting consumer demand for foodstuffs and other goods. It in addition performs the function of organizing direct economic ties between production branches, trade enterprises, etc.

[Aghekyan] What can you tell us about agreements which have been signed or will be signed with the former republics of the Soviet Union?

[Grigoryan] As you know, in the past interrepublic agreements had been signed with practically all republics of the Soviet Union, and that Armenia has always been a food-importing republic. Knowing that the problem of foodstuffs is of greater interest to the public, I shall endeavor briefly to discuss work being done in that area.

All ministry executives have traveled to those republics from where foodstuffs are to be imported, signing contracts on the spot (for 6,100 metric tons of meat, 3,167 metric tons of butter, and 10,000 metric tons of sugar). In some places shipping permits for meat and butter have already been obtained. We are hoping that by 15-20 April the above-mentioned food items will be available in the retail trade network, of course barring unexpected occurrences. I cannot discuss prices on those products at the present time, since prices vary from one republic to another, and the cost of transportation fluctuates greatly. They will definitely be lower than market prices, however.

[Aghekyan] Our readers would like to know whether ration coupons will be used in the future?

[Grigoryan] No, except for those food products which will be received in the form of assistance.

[Aghekyan] Can you comment on privatization of trade establishments?

[Grigoryan] Research and figures available to the Republic of Armenia Ministry of Trade indicate that privatized trade establishments have not yet secured goods resources. The efforts of private ownership operations are not yet producing the desired results as regards securing goods, and the goods requirements of the consuming public, especially those lacking social safeguards, and the low-income segment of the population, are not being met through these establishments. With these observations, the Ministry of Trade feels that a combined approach is required in the matter of privatization of state property. We feel that it is essential to carry out privatization of trade establishments in parallel with manufacturing enterprises producing consumer goods, in such a manner that privatized trade establishments proportionally replace state enterprises. For this reason we presently consider it important to implement privatization one phase at a time and to leave under the control of the state system, for purposes of goods distribution, a network of central retail facilities as well as microrayon and district-level retail stores.

In our opinion, uncontrolled and unregulated privatization of trade establishments across the board will result in failure adequately to supply the public with goods. For the present, with the aim of ensuring trade competition, it is essential to maintain a system of privately-owned and state-owned stores, which will operate in parallel. Of course with a change in the procedure of wage payment to the employees of state stores.

Cooperation Between Enterprises, Trade Balance Examined

92US0418C Yerevan RESPUBLIKA ARMENIYA
in Russian 26 Mar 92 p 2

[Article by Murad Sarkisyan: "The General Contract"]

[Text] The first general contracts with enterprises for fulfillment of a state order for delivery of technical industrial purpose products have been signed in the Ministry of Material Resources of Armenia. They include the Armelektroapparat, Tekhosnastka, Armkhimmash, Armbytkhim, the Charentsavan Tool and Charentsavan Machine Tool Building Production Associations and others.

Task Number One

The general contract is a new form for the interrelations between state organs of administration and enterprises resulting from the very nature of market relationships which, under the conditions which have developed, is called upon to ensure the observance of the interests of the state in the economy, to stimulate production growth, and to bring the national economy out of the crisis situation.

Of course, even earlier the activity of the parties was directed to the fullest satisfaction of the needs of society; however, neither Gosstab [State Committee for Material and Technical Supply], on the basis of which the Ministry of Material Resources has been created, nor the labor collectives bore direct mutual responsibility. The latter, for example, did not have the right not to accept Gosstab orders for execution, regardless of the state of their material-technical supply situation. They were responsible only to the state for the results of their activity. In turn, Gosstab, although it supplied the enterprises, also answered to the state on the results of its work. Today the ministry not only issues a state order to an enterprise for the delivery of a specific item but also aids its collective in the supplying of material-technical resources. If necessary, it can also undertake the sale of the output it produces. The enterprise, correspondingly, answers to it for the timely fulfillment of the state order. That is, the responsibility of the parties which have signed a general contract is now direct and mutual.

According to USSR Central Statistical Administration data, in 1988 imports into Armenia from the other republics both at world and at internal prices exceeded exports by more than one billion rubles. In other words we worked rather inefficiently. After that there were the earthquake, the permanent blockades, the insufficiently well-considered decision about closing a number of production units, the rupture of economic ties between the regions of the already former Union...

It appears that no one knows how much the debit of the trade balance amounts to. However, it is clear that under conditions of an unceasing drop in production, galloping inflation and an increase in the prices for material

resources, especially for raw material, by leaps and bounds in the member countries of the CIS, this gap will grow even more.

Because of absurdities in price determination and the regional distribution of labor many republics were debtors for decades but continued to duly obtain the necessary resources through the center. Today when total shortage dictates its conditions in all regions of one sixth of the dry land and each of the independent states thinks about the well-being of its own people, obtaining an additional more than a billion's worth of extremely necessary goods for "wooden" rubles is, you will agree, an extremely complicated matter. We essentially don't have other sources—for example, a developed tourism industry, international lines of communication, or the exportation of manpower—for replenishing the treasury and through it balancing the market.

Perhaps the only thing with which we can interest partners in the CIS in collaborating with us today is the timely fulfillment of obligations undertaken on deliveries of finished goods to these countries. You see, because of the ties that have developed over the years they require (in any case in the next few years they will still require) goods from Armenia. Thanks to which, strictly speaking, one will succeed in finding compromise solutions with them. That is why such great attention is being given in the ministry to the conclusion of general contracts for the performance of a state order.

"From the Southern Mountains to the Northern Seas"

And is this an easy matter—the fulfillment of a state order. In order to set available production potential into motion the producers of Armenia, together with their colleagues from the CIS member countries, need first of all to organize a reliable material-technical supply base. During the past decades it closely encompassed the territory of the former USSR and less closely the countries of the former socialist camp and was connected in one way or another with the remaining countries of the world.

Meanwhile the process of achieving sovereignty which is continuing in this expanse and political passions have led to a rupture of the ties which had developed and to the breach of deliveries discipline, and so to a fall in production volumes. The Armenian Ministry of Material Resources—this is almost 6,000 items of technical-industrial purpose products (without indicating grade, assortment, etc.) the lack of which has an effect on production in one way or another. It is easy to imagine how difficult it is for it to balance the republic market for technical-industrial purpose products.

Of course, the need for retaining existing ties and for continuing and intensifying trade and economic collaboration is obvious to everyone now in the CIS. And what is more, an "Agreement on Regulating the Interrelations of the States of the Commonwealth in the Area of Trade and Economic Collaboration in 1992" was signed at the

meeting of the heads of state in Minsk. Nevertheless the process of disintegration goes on.

The reason here (apart from politics), it seems, is first of all that these countries do not have a unified concept for the solution of economic problems and for further collaboration, and even their time periods and forms for carrying out economic reforms are different. The intensifying decentralization and local favoritism in certain regions (especially in Russia which is our basic trading partner) also mixes things up to no small degree. And, you see, the producers obtained very many types of goods on the basis of direct ties with the suppliers or through their union ministries as well as by imports. Today there are neither these ministries nor foreign exchange. The needs, however, have remained.

It is natural that under such abnormal conditions the solution of simple material-technical supply problems is delayed now and then. And, you see, the majority of the enterprises of Armenia, with its dominating processing and manufacturing industry, operates on imported raw material and supplies.

The most unexpected questions occasionally arise in the process of signing general contracts and they all require solution without delay. For example, the Oktemberyan Machine Tool Plant must deliver 300 radial drills to Russia this year. The plant people have no objection. But what is to be done if their customers are on the whole unable to pay. The cost of each drill is almost R130,000. A delay in payments for a pair of drills is rather appreciable for this small enterprise. It hampers the timely acquisition of supplies and components, the paying of wages, and the paying off of a loan. And there are 300 drills here!

Where's the way out? Considering the experience of the collectives that have already signed contracts one can say positively that the way out is in constant, step by step work to establish ties with suppliers on a qualitatively new level (and not the restoration of the old, which is simply impossible under the new conditions), taking their interests into consideration, and in searching for mutually acceptable forms of collaboration. Especially as our goal is not simply a way out of the crisis but also the conversion of the economy to market relations.

Must One Bang the Door?

The accent on the latter is not fortuitous. The fact is that not all management personnel are finding their correct bearings in the situation which has been created, not all of them are prepared psychologically to work under the new conditions, and at times they even lack the economic knowledge.

On the basis of old habits many continue to ask for material resources when a number of them already are not to be considered scarce and the prices have soared indescribably. Here they should think a bit about the rational use of resources, about increasing production efficiency, and about the advisability of producing a

particular item. The Akson plant, for example, on the basis of ties which have developed, will get foil from KANAZ at prices that exceed world prices although the foil is obviously not of high quality. The output it produces is also not world class and therefore there is hardly anyone who would want to buy it at these prices. So the question arises whether it is necessary to organize this experiment with a doubtful outcome?

Or how is one to explain the parasitic moods of the managers of enterprises who are prepared to take supplies and raw material from the wholesale firms of the Ministry of Material Resources, not haggling but with the condition that the ministry itself should sell the finished product? Here's such a turning to the market so that everything, in essence, would remain as before, especially the work style. It is not difficult to guess what fate is in store for these illusions.

Very experienced business executives manage the Luys association for example. Two times they pulled the "rug" out in discussing all the details of a contract being concluded, and as a result did not sign it because the Ministry of Material Resources has not been able to resolve all the questions of the supplying of this important and complex production unit. Were they right? If in formal terms, yes. But if it's a matter of substance? The wholesale firms of the ministry first of all supply those who fulfill a state order. And what is more, it's their direct duty. The ministry does not guarantee Luys everything 100 percent out of malice. There simply are still questions today whose solution on the governmental level is complicated.

The Zakavkazkabel Production Association has many problems. However, the cable makers have not posed as aggrieved parties but have rushed to the suppliers together with representatives of the Ministry to arrange relations. It can't be helped, such are our possibilities today.

Task Number Two

The fact that we have a negative trade balance is still a minor misfortune. We will have it far more difficult in two years if we are not able to fulfill the obligations taken to liquidate this difference between imports and exports.

It is difficult to say how the goals can be achieved. And in general whether it is achievable given the state of the economy and the nebulous prospects of interrelations in the CIS. But already today the problems on whose solution one should work, if only to survive, are obvious.

Under conditions when the prices for raw material and fuel are steadily moving towards the world level and the cost of manpower has a tendency to increase as a result of the intensification of social tension in society and, therefore, the price of the good being produced will rise, only the high quality of a product will ensure its sale and make it competitive both in the CIS and on the world market.

Achievement of this goal advances other tasks: increasing the efficiency of production and the skills of personnel, the development and putting into production of new products, reduction of material and energy intensiveness, the modernization of production, the organization of the production of many component parts, etc., in Armenia. You see, all these are links of a single chain. And what is very important—one cannot leave the solution of so serious a matter to the discretion of an enterprise manager. The level of the solution must be dependent on its terms of reference. A matter of state importance needs a state approach. One shouldn't forget that the future not simply of an enterprise but of the hundreds and thousands of people working there and the members of their families will depend on it.

We don't know what the coming day will bring us. The speed of the changes is stunning. It is not to be ruled out that under conditions of the market relationships being engendered a new and more perfect form of the interrelations between the state and the enterprise will come to replace the state order. The range of tasks outlined in the course of the signing of general contracts can only be widened I am sure. Will the concerns of the producers and the suppliers be increased? Undoubtedly. But... the work will become more interesting.

AZERBAIJAN

Mamedov, Others View Russia's Actions

92US04274 Moscow SOVETSKAYA ROSSIYA
in Russian 18 Apr 92 p 2

[Article by N. Belan: "Meetings in Azerbaijan: 'We Are Walking Into the Fire...'"

[Text] Two of these events—the attack on the military oil and lubricant storage facility near Baku a week ago and Russian Foreign Affairs Minister A. Kozyrev's visit to Azerbaijan—are linked not only in time. The former is one mine in the mine field of Russian-Azeri relations. The latter is a flash of hope that this field will be "cleared of mines." This is the life we have come to.

The old-timer could hardly hold back his tears as he talked about what he had experienced. About how he and his family had been evicted from their home and had wandered through the forest in winter without a crust of bread or warm clothing until they were pulled out of this hell. For so many years now Museib Mamedov, a participant in the Great Patriotic War, has been a refugee from Armenia. And in all that time he has never been able to figure out how it could be that a state he defended a half century ago no longer exists.

"Well, I could understand about Gorbachev, but the Russian people—why have they gone deaf and blind?" asked the veteran. "Or when there is one refugee it is a violation of human rights, but when there are hundreds of thousands, why is this an everyday occurrence?"

He was convinced that if Russia, the pillar of statehood, had spoken its piece promptly, there would have been no Karabakhs—either Nagorno or any others. I heard the same thing from others with whom I spoke, people of various ages and occupations. They are experiencing a great deal of pain from the collapse of relations with Russia.

"The current Russian leaders openly support the Armenian separatists," thinks the chairman of the republic Supreme Soviet, Yagub Mamedov. "If Russia were not standing behind the aggressors, they would not have behaved so impudently."

Arguments? The chairman of the parliament told me that the Russians had actually helped Armenia create its army. And what are they supposed to think about the behavior of the CIS troops—the 366th regiment participated in the destruction of the Azeri city of Khodzhal, and the Seventh Army participated in the border conflicts on the Armenian side and gave equipment and arms to their units and formations. Azerbaijan is cut off by an information blockade; the Russian mass media cover the events in the region.

Yagub Mamedov sees the people surrounding Yeltsin as one of the causes of the situation that has developed—he says that his closest advisers and consultants include many Armenians and people with pro-Armenian leanings. Even the specialist on national issues, Mrs. Starovoytova, was a USSR people's deputy from Armenia.

Such is the official viewpoint. Practically everyone is convinced of this. One might not agree with this opinion, but one cannot fail to take it into account. For whether anybody likes it or not, Russia will have to arrange relations with Azerbaijan: We are destined to be neighbors.

But here the question arises: What is the point of burning the bridges between us now? We are at least setting them on fire, if not worse.

"We are walking on fire that is deceptively covered with ash," Viktor Zotov, chairman of the republic Sodruzhestvo Society, states with regret.

And that seems to be true.

But are we really so indifferent to Azerbaijan that our current distancing from it can be taken calmly or not even noticed at all? I am proceeding primarily from common pragmatism, taking into account the republic's immense economic potential, its raw material base which is not fully appraised yet, its high level of integration with the Russian economy, its growing political clout in the world arena and in the region, and its politically advantageous geographical situation. Nor can we ignore our broad historical, cultural, scientific-technical, and simply human ties; it would be difficult to guess the consequences of breaking these. Finally, there is another powerful factor: the 500,000 Russians living there.

So V. Velichko, Russian journalist and historian, was right a thousand times over when he noted almost a century ago: "The Caucasus cannot be alien to us: we have expended too much of all kinds of effort there, it is too organically connected to the great Russian world calling, to the Russian cause." What he said, of course, pertains fully to Azerbaijan, and it is still valid to this day.

Of course, we are not speaking about preserving Russia's protectorate, its "imperial" influence on the outskirts of the former USSR. We have in mind Russia's most ordinary vital interests, its civilized partnership with its neighbor. I will make this stipulation in anticipation of the reaction of some of our citizens: They perceive the vital interests of, say, America as their due, but God forbid that anyone should breathe a word about Russian interests, the Russian cause.

Thus Azerbaijan was in shock over the Khodzhal tragedy, the people buried the barbarously mutilated bodies of women, children, and elderly people and at the same time read about themselves: "Azeri fascists are attacking peaceful residents with enormous amounts of weapons of mass destruction." Ideas appearing in the press to the effect that "there is nothing we can do in the Transcaucasus," variations on the theme of the "Islamic factor," "the Slavic-Turkic confrontation," frightened by the potential "Christian-Muslim conflict," and so forth and so on—all this has not served us well.

But at the same time, the brainwashing of the common person is, as it were, mediated. An entire philosophy has already been created on the notion that the USSR was only a "prison of the peoples." And so the conclusion is simple: What do we have to complain about now that we are separated?

"Are our former relations of friendship and brotherhood with Azerbaijan really the evil fruit of the totalitarian system?" asked Svetlana Loganova, director of the 178th Baku school. "But then, what do we have instead? Or is it the tension among the republics, which we are experiencing more keenly than you are in Russia—are these really new values?"

"And if all those who imply that this friendship and brotherhood never existed are right?" I asked.

"Well, naturally, they know better than we do how we are living and have lived," answered Mariya Zabelina, director of the 212th school. "Entire generations have been deceived, and now they have come and opened our eyes. This is their terrible morality, which separates people and devastates the soul. And as life has shown, nothing good comes of it. Obviously, everything is simple: From patches of historical truth they have sewn an enormous quilt of lies."

I spoke with the women for a long time because their opinion was important to me: Hundreds of destinies come together in the school, and, if anything, the educators are quite familiar with the attitudes of the everyday

level. Is the cooling of Russian-Azeri relations not reflected in the Russians? Yes, there are attempts at provocations, including against families of military servicemen, but nobody makes any secret of that. In this regard there was the appeal of the chairman of the Supreme Soviet of Azerbaijan who harshly condemned the provocateurs. But all these, according to the women, were individual incidents and the people themselves are putting a halt to them.

The image of the "evil Muslim" which they are trying to instill in the mind of the man on the street is also far from reality. "If that were the case, do you think we would be living here, holding on to this land which has become our homeland?" the Russians answered me. In their eyes I probably looked just like the foreigner who thinks that bears wander through the streets of Moscow.

How can one not again recall here Velichko, who noted bitterly that our ignorance of the Caucasus—and at the same time our self-assurance which irritates the experts—is amazing, almost criminal. It seems that little has changed since then. And although this Russian publicist cannot be called anything but a nationalist in certain circles, I shall risk making this observation about him—he lived in the Caucasus for many years.

Here is his opinion of the Azeris: "They are by nature kind, courageous, and magnanimous." "The cultural development of the Muslims will inevitably lead them to the closest friendship with the Russians, to whom they are related by blood and ideology, as our history shows.

"In order for this kinship not to be obliterated, we must have a fair and reasonable attitude toward the matter. Yet both in the press and in practice we do not have an especially fair attitude toward Muslims: Too frequently and without any justification they are made to feel like outcasts."

Obviously, not everyone shares these views. But I fully support the publicist's opinion of the hard-working Armenian people as well: "Excellent, peaceful, hard-working, and decent people."

This—the best features in one or another national character, the main thing which composes the living soul of the people, which unites us—this is what we should proceed from. There is probably nothing more important in building relations among republics.

GEORGIA

Russian Troop Withdrawal Called 'Betrayal'

92US0451A Moscow NEZAVISIMAYA GAZETA
in Russian 29 Apr 92 p. 3

[Two articles by Nodar Broladze and by Yevgeny Krutikov and Vadim Ogoyev under the heading "Georgia": "The Pullout of Russia's Internal Troops From South Ossetia Is Viewed There as Betrayal"]

[Text] Military Units of the CIS United Armed Forces Are Being Deployed To Replace the Internal Troops

The Internal Troops of Russia, which left the territory of the former South Ossetia and, as observers testify, did it with quite some dispatch, headed in the direction of Western Georgia. No weapons or materiel of a battalion remained at the place of its former deployment, except for heavy machine gun barrels. It became known in Tbilisi that local OMON [Special Missions Militia Detachment] personnel got hold of the barrels.

Simultaneously with the withdrawal of the Internal Troops, the deployment of units of the CIS United Armed Forces airborne troops to Tskhinvali began. As the military communicated, the objective of this maneuver was to perform duties involved in guarding a helicopter regiment and a military engineer unit which would remain in the region indefinitely. Previously, an order by Lieutenant General Valeriy Patrikeev, commander of the troops of the Transcaucasus Military District, on the pullout of these formations had been expected, however, it was canceled by an order of Commander of the CIS United Armed Forces Yevgeny Shaposhnikov.

The State Council of Georgia appealed to the population of the Tskhinvali region and once again called for giving up violent methods to resolve the conflict, and for "uniting in an effort to begin a new creative life." The appeal proposed to continue negotiations. However, no actual steps in response have been apparent so far.

The Tskhinvali leadership and the Presidium of the Confederation of Mountaineer Peoples of the Caucasus stated that "the withdrawal of Internal Troops is yet another act of betrayal of the interests of South Ossetia." Deputy Chairman of the Supreme Soviet of the Republic of South Ossetia Alan Chochiyev stated that this had occurred as the result of prior collusion between the Russian and Georgian authorities. As a correspondent of the FAKT information agency reported, some of the South Ossetian leaders agree on the view that "under the conditions of a war with Georgia and incomprehensible actions by Russia, the Confederation of Mountaineer Peoples of the Caucasus remains the only hope for this region."

It was declared at a session of the Confederation which came to a close in Tskhinvali on 27 April that "the Confederation will take measures to send its troops to the region unless the Georgian side stops shelling Tskhinvali." However, the Confederation views the introduction of its troops as an extreme measure which, in its opinion, will make it possible to protect one of the members of this commonwealth. South Ossetia. Khalydov, a member of the Dagestan delegation who chaired the congress, announced that it had been decided to set up the Confederation's own defense committee. According to his information, as of now the Confederation of Mountaineer Peoples has two mobile units which are based in Grozny. One of them has already seen

action, for the first time in the capital of Chechnia when, in late March, it had to provide assistance to regular units of the Chechen Republic in the course of an operation to recover the TV center from the armed forces of the opposition.

...

A session of the Confederation of Mountaineer Peoples of the Caucasus was held the day after a battalion of the Russian MVD (Ministry of Internal Affairs) troops, the last contingent of the MVD in the territory of Transcaucasia, was withdrawn. The very fact that a session of the Confederation of Mountaineer Peoples of the Caucasus was held in Tskhinvali immediately after the pullout of the Russian MVD troops gave a great boost to the authority of this organization.

The situation was quiet during the days of the session, which the Ossetian side did not in any way associate with statements by Georgian officials to the effect that they would not send the newly formed troops of the Georgian Army to the "Tskhinvali region" after the departure of the Russian MVD troops.

As far as repeated statements by Georgian officials regarding the beginning of negotiations with the South Ossetian side and the reluctance of the latter to take part in them are concerned, the Confederation of Mountaineer Peoples of the Caucasus believes them to be declaratory. According to data from First Deputy Chairman of the South Ossetia Supreme Soviet Alan Chochiyev, three T-72 tanks which had been transferred two months earlier to the forming army of the State Council of Georgia were used in shelling Tskhinvali, which occurred on the night of 19 to 20 April and on the following days. As Major General Supyan Beppayev, deputy commander of the Transcaucasus Military District, stated to the leadership of South Ossetia, these tanks were to be used to support the presence of the forces of the new leadership of Georgia in the area of Zugdidi.

General Beppayev and Georgian Minister of Defense Sherashenidze announced the beginning of the withdrawal of a helicopter regiment from Tskhinvali and the transfer of the airfield and barracks to the army of the State Council of Georgia. The National Guard of South Ossetia blockaded the compound of the Tskhinvali helicopter regiment at the time when Beppayev and Sherashenidze were supposed to arrive in Tskhinvali.

Ethnic Conflicts in Azeri Regions Worsen

92US04284 Moscow NEZAVISIMAYA GAZETA
in Russian 16 Apr 92 p 3

[Article by Mikhail Tavkhelidze: "Armenian Conscripts Training on Georgian Territory: Azeri-Georgian Interethnic Relations Worsen"]

[Text]

Georgia

In Gardabansky Rayon, densely populated by Azerbaijanis, a crowd threw stones at and stabbed to death with stakes four armed people who were robbing somebody's home. "I have never in my life seen so much blood," Valiko Gogolashvili, manager of the press service of the Ministry of Internal Affairs of Georgia, told journalists. On the same day in Gardabani the very same aroused crowd blocked the militia office, this time threatening to make short shrift of four members of the militarized organization "Mkhedrioni" and one national guardsmen. All five were arrested the day before by law enforcement organs to ascertain their identity, inasmuch as they were driving around the city in motor vehicles without license plates, and were armed.

These two incidents in the "Azeri" rayons of Georgia are viewed in Tbilisi not only as cases of an unprecedented increase in crime but also as a sign of a general worsening of Azeri-Georgian ethnic relations.

This worsening, although it has not yet become apparent at an official level, is in turn being associated with one fact that is strange, to say the least: Military training of Armenian conscripts is taking place on the territory of Georgia. They are being trained in units of the Transcaucasus Military District. This was announced officially last Saturday at a meeting of the State Council by Tengiz Kitovani, a member of its presidium. In his words, there are 400 Armenian cadets. At the same time, the Georgian information service FAKT reported earlier, citing Azerbaijani newspapers, that in various training divisions of the Transcaucasus Military District training is being conducted on Georgian territory of Armenian tank crewmen, artillerymen, and combat engineers, and that within three months they are supposed to be sent to Nagorno-Karabakh or rayons that border Azerbaijan. In an interview with the FAKT service, Colonel Belchenko, deputy commander for personnel work of the Transcaucasus Military District, said that Armenians actually are going through training in units on the territory of Georgia, but that this is simply planned training of conscripts. However, considering the declared intention of Armenia to create its own army, the presence of Armenian conscripts in the CIS Army seemed strange to the State Council of Georgia. After discussions on Kitovani's report at a meeting in the State Council, it was decided to make a special announcement in this regard.

Variants of South Ossetian Outcome Viewed

92US04288 Moscow NEZAVISIMAYA GAZETA
in Russian 17 Apr 92 p 5

[Article by Alan Kosayev and Yevgeniy Krutikov, CAUCASUS INFORMATION AGENCY: "South Ossetia: Search for Compromise with Georgia. Examination of Possible Variants"]

[Text] Submitted for your attention is an analytical note prepared by a group of experts who are close to the

leadership in South Ossetia. It is intended for the formation of an official position of the governmental delegation of this republic in negotiations with representatives of the new Georgian leadership on the South Ossetian problem.

In world public opinion, the new prospects for Ossetian-Georgian relations are associated with the change in authority in Tbilisi, and with the arrival of E. Shevardnadze, who heads a new administration and strengthens its international vote of confidence.

However, the optimism of the international community is not shared by the South Ossetian population. Alarm is evoked in South Ossetia first and foremost by the fact that the new Georgian leadership, declaring a readiness for negotiations with South Ossetia, in fact did not change anything in the Zviad formula of "the right of Ossetians to autonomy." The lowering of the intensity of military confrontation in South Ossetia in recent weeks is associated not so much with the new policy of the Georgian leadership as with the internal Georgian opposition of the Zviad followers in the new administration of Georgia. At the same time, it is the Zviad followers who essentially control the approaches to Tskhinvali, so that no kind of negotiations between the South Ossetians and the new Georgian leaders, especially an agreement between them, can be guaranteed.

Armed clashes and wholesale crime against Ossetia on the territory of Georgia in 1990-1991 led to the fact that among the Ossetian population the idea of separation from Georgia became dominant as the only guarantee of the physical survival of the Ossetians.

The thesis of Ossetian "moderates" concerning South Ossetia as "an organic part of Georgia," of course, is legitimate in principle; however, today it is psychologically unacceptable to a majority of the South Ossetian population. It is the psychological breach in the idea of "organic ties" that is the dominant political phenomenon in Ossetian-Georgian relations today. Of course, it is impossible to exclude the very possibility of organizing "organic ties" between South Ossetia and Georgia in the future, but it is to an even greater degree wrong to ignore the fact of the current destruction of this idea in the conscience of the Ossetian population of the area. Fundamental to it is the objective of avoiding the spread of Georgian jurisdiction on the territory of South Ossetia at any price. The status of a republic or other autonomy in the structure of Russia, the status of a protectorate, etc., is acceptable.

Whereas before the military campaign of January-April 1991 the idea of the separation of Georgia was advocated by only some of the political leaders of South Ossetia, who were not supported by the South Ossetian population, now the population is more positively disposed toward this than the politicians—this is the radicalism of a military community, the radicalism of the doomed.

What are the long-term conditions for possible political stabilization in the region? First of all, a new change has to occur in the mass consciousness of the Ossetian

population of South Ossetia comparable in scale to the shock it experienced in the war of 1991, but opposite in orientation. Only the Ossetians' firm realization of guarantees of their own security in the region can become a condition for this. Only prolonged psychological regeneration of the aforementioned "organic ties" (between South Ossetia and Georgia), conducted, moreover, under conditions of an actual and long period of the region remaining outside Georgia, will facilitate the likelihood of a total Ossetian-Georgian political compromise. The question can be one of a legally unrecognized but actually implemented separation of part of South Ossetia (controlled by Ossetians) from Georgia, for a period which will make it possible to restore a "psychological balance," which in turn will make it possible to recognize the legality of Georgia's rights to South Ossetia.

Three variants of a political resolution of the "South Ossetian problem" are theoretically possible. We will note right off that the first two variants will lead to the usual bloodshed.

1. Forced restoration of Georgian jurisdiction over territory that is now under the control of Tskhinvali and armed Ossetian detachments. This variant, which also presumes the withdrawal of CIS troops, will lead to a new outbreak of violence in South Ossetia and a final destabilization in North Ossetia—to the extent of an influx there of tens of thousands of new refugees (many with arms). Also possible is an increase in anti-Russian attitudes in the North Ossetian Republic, and, at the same time, in a competition between two external political orientations—"mountain people" and "Russian"—the first may gain the upper hand, although today the "Russian" orientation is substantially stronger and is based on the support of a large part of the North Ossetians, though in a political respect, on the republic administrative apparatus. A strong "pro-Russian wing," especially among the humanitarian intelligentsia and economic managers, serves as a certain buffer between Ossetian refugees from Georgia and the local Russian community, not allowing any kind of conflict between them. In this sense, the pro-Russian attitudes of Ossetians who remain in the South are still an important stabilizing factor. They are still counting on Russian assistance, but these hopes are weakening. The arrival in the north of 50-60,000 new refugees (in addition to the 85-100,000 already there) will lead to the acquisition of a socioeconomic niche for the adaptation of the resettlers occurring as a result of a displacement of the non-Ossetian population.

It can be assumed on the whole that it is the mass of refugees that will prove to be the main social base for the "mountaineer party" in Ossetia; that is, those political forces that are already now conducting, and in the winter of 1992 will intensify, an active campaign for the dissolution of the North Ossetian Supreme Soviet as a "pro-imperial" and "pro-Russian" organ. A victory of these forces in North Ossetia will signify a strengthening of the

political policy of the Confederation of Mountain People of the Caucasus and an appreciable weakening of the positions of Russia.

2. It is also not worth discussing such a deliberately unacceptable decision as the legislative consolidation of South Ossetia as a constituent part of the Russian Federation. Any steps in this direction will lead only to an exacerbation of relations between Russia and Georgia.

3. The "drawing closer of the nations" variant of the parties in Ossetian-Georgian relations.

In connection with the fact that the positions of the Ossetian and Georgian parties are diametrically opposed first and foremost on the question of determining the "total formula" of the final political status of South Ossetia, this formula should not be the main subject of discussions in the forthcoming elections.

It seems that the present phase of the conflict makes it more probable that the way out of it is not through attempts today to find some fundamental resolution, but on the basis of a search for instruments for achieving a relatively prolonged armistice. It seems that it is necessary to divide the negotiating process into two stages. The first stage—the conclusion of a special agreement on the status and form of management of the territory, and the second—the search for a formula for a long-term treaty, with an elaboration of the final status of South Ossetia. In connection with the fact that the territory of the South Ossetia Autonomous Oblast is now actually divided into two zones of control, Ossetian and Georgian, measures are needed today to determine the "institutionalization" of such a division and the preservation of a relative balance between them.

The main instruments for consolidation ("institutionalization") of the present territorial status could be

- coordination of the provisional status of the territories that are managed by Tskhinvali authorities (Ossetian zone) and the Georgian prefect (Georgian zone of control);
- establishment of a demarcation line between the Ossetian and Georgian zones of control;
- introduction into the territory, adjacent to the demarcation line on both sides, of some kind of international military subunits (under the aegis of the United Nations or the CIS).

The provisional status of the territory, divided by the demarcation line, will make it possible to avoid a sharp worsening of the mutual relations of the parties in the event of possible disruptions in the negotiating process. Any impasse in the negotiating process will signify only a return to the "provisional formula for stability," but not to direct armed clashes. In this way, the special agreement will be a kind of guarantee of a stable movement toward a long-term treaty. But the conclusion of a

provisional agreement will become possible with the satisfaction by the Georgian side of the following demands:

1. Official condemnation by the new Georgian authorities of the anti-Ossetian policy of the previous administration. Repeal of all legislative acts that eliminate the autonomy of South Ossetia.
2. Determination of the scale of damage inflicted by pogroms on the Ossetian population and payment by Georgia for the value of property left behind by Ossetian refugees. Financing by Georgia of measures for the social and civic adaptation of refugees on the territory of Russia, first of all in North Ossetia. This point ensues from the apparent inability of more than 100,000 refugees to return to Georgia.
3. Creation of conditions for the conduct of investigative-operational measures in criminal matters resulting from cases of the murder of citizens since January 1991 on territory controlled by Georgian armed detachments and the Ministry of Internal Affairs of Georgia (including present cases of mass executions of hostages). Criminal cases in a majority of instances are presently suspended, because of the blockade of Tskhinvali and the impossibility of driving to the village where the crimes were committed. It is necessary to note here that of the more than 500 victims on the Ossetian side during 1989-1992, less than 20 persons died in battles, and the remainder were killed in shellings, pogroms, and executions of hostages.
4. Withdrawal of armed detachments of Zviad supporters from the Georgian zone of control in South Ossetia and their replacement by regular formations of the Ministry of Internal Affairs of Georgia.
5. Possible exchange of population centers and individual sectors of territory between the Ossetian and Georgian zones of control for the purpose of straightening the contours of these zones and refining the demarcation line between them.

Returning to the position of Tbilisi in the forthcoming negotiations, it is necessary to note that in the next few months the logic of the "Ossetian policy" of the new authorities will probably be determined entirely by the need to achieve victory in the forthcoming parliamentary elections. E. Shevardnadze is unlikely to make serious concessions to the South Ossetian movement, inasmuch as this could seriously reduce his chances for victory. It is difficult to expect statements from him on the need to restore the administrative-territorial status quo of 1989, because such statements will reduce the number of his supporters in Georgia. It is most likely that this formula will be chosen—"the problem of the autonomy of Ossetians of Georgia will be resolved by the future parliament."

What is important for the new authorities is the very fact of the beginning of the negotiating process and the preservation by this means of the entire situation within

the framework of establishing stability. The negotiations, which promised a weakening of Ossetian radicalism and stability in the region, are a factor that will increase the chances of Shevardnadze and his "party" in the elections.

Although interested in the negotiations with the Ossetian side, the new authorities of Georgia nonetheless do not have the authority to conclude these negotiations with any kind of agreement on the final status of the territory or any long-term treaty. Before the final results of the parliamentary elections in Georgia not one of its governments, including the present one, will possess the authority to conclude such long-term agreements. Its prerogative is to begin negotiations and prepare proposals for a possible long-term agreement.

It seems that the most appropriate formula for a total agreement could be a trilateral (Russian-Ossetian-Georgian) treaty based on the following principles:

1. The South Ossetian Republic with confederation status is formed within the structure of Georgia. Its entry into a confederation with Georgia and its borders are established by treaty.

2. Georgia and Russia recognize the unity of the Ossetian people and guarantee an opportunity for their state self-determination both in the structure of the Russian

Federation and in the structure of the Georgian confederation (such a situation allows a compromise between the necessity to consider the "historical realities" and the natural aspirations of Ossetians in the south and north to preserve their ethnic integrity and self-awareness as a united people).

Russia and Georgia recognize mutual responsibility with respect to both Ossetias and are joint guarantors of the sovereignty of North Ossetia within the structure of Russia and South Ossetia within the structure of the Georgian confederation.

3. A treaty boundary is established between North and South Ossetia (Russian Federation and Georgian confederation). The border regime for persons with dual citizenship (Russian-Ossetian and Georgian-Ossetian) is established in a special agreement between North and South Ossetia.

4. Russia and Georgia jointly form armed subunits that maintain law and order on the entire territory of the Republic of South Ossetia.

5. Representative organs of the South Ossetia Republic are formed separately from representatives of the Ossetian and Georgian zones of control.

The main political aim of the treaty is the coordination of guarantees to preserve the territorial integrity of Georgia with guarantees of the inviolability of the political status of the South Ossetian Republic.

ESTONIA

Prime Minister Reports on Economic Decline

92UN1248E Tallinn ARIPAEV in Estonian 28 Mar 92
p 3

[Unattributed article: "80 Percent of Production Is Useless"]

[Text] The head of the government Tui Vahi made a presentation to the Supreme Council Wednesday that dealt with the situation within the state and the economy of Estonia. During the year of 1991, national income declined 11 percent, industrial production 9 percent, and agricultural production 16 percent, which represents the biggest drop for any of the Baltic states.

Foreign investments made in Estonia also decreased during the past year. Over the first two months of this year, industrial production dropped 36 percent, compared with the same period last year, and agricultural production as much as 45.6 percent. During 1991, Estonia exported \$3.8 billion worth of goods, but imported \$5 billion worth. That made for a negative trade balance: Minus \$1.2 billion. The head of the government also said that 80 percent of Estonia's production is no longer needed by anyone, not even by Russia.

What can the government do about it?

1) To alleviate the state budget deficit, loans should be taken out so as not to destroy the existing economy by overloading it.

2) Survival depends on the rapid implementation of ownership reform. Privatization should be carried out by means of public bidding. Only large amounts of personal money can force a new owner to take on production on an expanded scale.

3) The leasing of enterprises based on previously used principles has often resulted in injustice and corruption. Leasing of enterprises should be replaced by actual privatization.

4) The only way to complement reform in the housing and communal economy is to follow it up with rapid privatization of apartments. This could be carried out with the help of shares.

5) There is a need to devise and to implement a program for conservation.

6) We have to keep in mind that every day we spend in the ruble zone, is depriving us more and more of the fruits of our labors.

Labor Minister on Republic's Unemployment Problems

92UN12854 Moscow DELOVOY MIR in Russian
23 Apr 92 p 16

[Interview with Arvo Kuddo, Estonian Minister of Labor by Regina Baleva. "The Unemployment Harvest in Estonia"]

[Text] We have worked so hard to push the model of the Estonian bourgeois republic prior to 1940 to the end of the 1980's and the beginning of the 1990's, that it seems as though marked progress has been made here. In one sweep we moved to the past, although it is said that such things do not happen. Perhaps not all but many inhabitants of Estonia at present are residing in the pink and light blue paradise in the notion of those who have not lived here. In truth, this did not happen to me because of my age, but my parents, grandparents and great grandparents tasted this paradise fully. They worked unceasingly when they could find a job. There were not enough jobs for all. A man could still get along with seasonal earnings. He could work as a farm hand, he could fish or hire on in a construction artel. But for women and particularly intellectual ones. As a rule, if both spouses in the family were physicians or teachers, a job was given to just one, and of course, preferably to the man. I pray I won't live to those times, mother used to say. But we have lived to them. One after another, female friends are receiving at present warnings of dismissal and these are teachers, experienced librarians, engineers, white collar personnel and physicians. My female journalist colleagues are regularly seen at the labor exchange. But, alas, without any result. The once scarce typists are now ready to take up any text. In truth, they are all Russians. With each passing day it become harder and harder to find a job. According to my data, there still are vacant positions as medical orderlies. But these are my observation. For clarification on the state of the labor market at present and in the future, I turned to the Minister of Labor Arvo Kuddo.

[Comments of the Minister]

Estonia is gradually beginning to organize its own labor or manpower market. For the first time in the last half-century, employment of the labor force will not be planned for many years to come. This also holds true for the graduates of the vocational-technical schools and the VUZes. There will be no guarantee for jobs, wages and so forth. All of us now are forced to sell our manpower on this market. Naturally, as anywhere else, the more competitive will be the better quality labor force characterized by a higher general education and professional level, by mobility and by the ability for retraining. Education is beginning to acquire a value. The conditions of the market will be dictated by the employer, whoever he might be: the state or a private entrepreneur.

These quality characteristics will include age, sex, state of health of the worker as well as a knowledge of languages. And here not only Estonian and Russian but

also foreign ones. In the future, a knowledge of several languages will become an objective necessity for a majority. It is no secret that among the immigrant population, the share of persons mastering Russian and Estonian as well as foreign languages is less than among the natives.

Another important aspect of the labor market is linked to the very structure of the economy on the enterprise level. During the postwar years in Estonia many new types of production were established, particularly in industry which was almost completely oriented to the former Union market. Manpower was moved in for these enterprises in an organized manner. During the first 5 postwar years alone, the positive migration balance in Estonia exceeded 4 million persons. The share of the Eastern market in the general structure of the Estonian economy was enormous: in 1991, 85 percent of the imported goods and raw materials and 95 percent of the exported product were in the ruble zone. In 1920-1930, this share did not exceed 4-5 percent.

For our neighbors the Finns, the share of the USSR in trade was a little more than 20 percent. The decline of this level to 5 percent at present, among other factors, has had extremely negative consequences for the Finnish economy. Gross national product declined last year by 6 percent while the "unemployment harvest" exceeded 13 percent.

Clearly, the collapse of the old centralized economic ties and the sharp decline in production in the CIS nations have also involved the former large enterprises under former Union jurisdiction, and here a predominant majority of the nonindigenous population is employed. Moreover, Russia, like the other regions, is endeavoring to provide jobs first of all for its own enterprises, and this is natural. The resources are being allocated correspondingly. The balancing of one's balance of trade and payments has also led to a decline in imports by our neighbors. A solution to this problem is seen in the rapid development of small enterprises based on large ones and the reorienting of them to other suppliers and other markets.

These and many other factors actually will influence the fact that among the risk groups on the labor market may be those who do not know several languages, women, pensioners and young people. However, and this I should particularly like to emphasize, all this is not tied to any discrimination, but is determined by the conditions on the labor market.

I can confirm what I have said by the statistics for the registered unemployed, among whom 55 percent is comprised of the non-Estonian population and almost 70 percent is women. Approximately three-quarters of the job vacancies at present are for men. Of the 1,478 registered unemployed, 919 are in Narva and Kokkila-Yarva. This is the March data. So, at present unemployment has not so much a national as it does a regional and

structural nature. It has risen in the northeastern industrial cities of the republic. (According to my data, the Tallinn Labor Exchange, for example, registers only those who know Estonian —R B.)

The most paradoxical thing in the current situation is that the reduction in jobs is occurring under conditions when the shelves of our stores are sparsely stocked. Unemployment is traditionally linked to overproduction. For this reason the opportunities to find a job or to create new jobs at present are broad. As for the social guarantees for those deprived of work, they are the same for all those permanently residing in Estonia, irrespective of nationality. In any event, most unemployment funds are currently going to the Northeast of the Estonian Republic.

Parliamentary Commission Head Kama Interviewed

92UN1248E Tallinn ARIPAEV in Estonian 18 Mar 92
p 4

[Interview with Kaido Kama, Chair of Supreme Council's Temporary Commission on Ownership Reform, by Peeter Raidla: "About Property on Ownership Day"]

[Text] Ownership day was celebrated on March 14 at the Sakala Center. That gave us reason to ask Kaido Kama, chairman of the Supreme Council temporary commission on ownership reform, which laws dealing with property have been passed, which are about to be passed, and which have not even been discussed.

[KAMA] What has been passed, to date, have been some of the basic laws like ownership, land and agricultural reform laws. We also have the ground rules for small-scale privatization that are currently being used in the privatization process. The law for privatizing apartments is expected soon. The biggest deficiency I can see right now is that we do not have the basics for determining values. And, to my knowledge, no one is really doing anything about it. This goes for both the property already being privatized, as well as the property that was expropriated some time ago. Some concepts have been offered by way of initiative, but no resolution has been passed on state level, nor is there one in the offing. And it is just that—things not having a price—that snags the whole mechanism for compensation.

[RAIDLA] Do you think that some things should be changed in the basic laws already passed?

[KAMA] First of all, I want to say that changing a law is not something to be ashamed of. As life goes on, some of the earlier decisions will have to be revised. The law on the basics of ownership reform has been changed already, same is true of the law on land reform. Looking at it conceptually, I think we did the right thing in the case of the basic laws. I do not see anything, in principle, that we could do differently now. If, however, the current government should continue working against the ownership law, as the previous government did, then the law

should be changed, indeed. Such a situation should not be prolonged. Maybe it was a wrong decision that was made back then.

There is one thing I would change, for sure. Apparently, an error was made in having the ownership reform center on municipal authority. I doubt if this could be changed now. We realized that this was a mistake when working on the land reform law. We tried to see to it that the land reform be carried out uniformly on the state level, and not by individual parishes. The rural life commission, dominated by kolkhoze chairmen, favored a different option and pushed it through in the Supreme Council. And that's why I don't see a chance to change it with the present composition of the Supreme Council.

[RAIDLA] What are some of the snags in the privatization of enterprises that need to be resolved fast?

[KAMA] Out of the big enterprises, only Baltika was privatized as an experiment. The State Property Office has also made its decision on the taxi service and Talleks, but since both collectives are in an uproar, and great confusion prevails at their locations, actual privatization is yet to be carried out.

When speaking of privatization of enterprises, one could easily get the erroneous impression that privatization for rubles was stopped, and that's why we cannot proceed. Privatization of enterprises approved for ruble sales is not going very smoothly either. We just cannot get it done.

I think that out of Tallinn's commercial, service and food establishments, barely 5 percent have been privatized. And that is because no way has been found to determine the buying power of the people. Same is true of big enterprises.

We simply have to wait until certificates can be issued so that people can start using illegally expropriated property as a means of payment. Also government bonds, which will come most likely with the law for privatizing apartments. The latter will probably be accomplished sooner, which should also activate privatization, at least partially. It will be much more difficult to convert illegally expropriated property into means of payment, because that will be a long process.

[RAIDLA] We discussed evaluation criteria earlier. Should these be established by law?

[KAMA] We will obviously go that route when privatizing the apartments, so that the principles for evaluating the apartments are fixed by law.

There will be two ways of going about it. First, to price the objects low, so the people could afford to buy them. Second, to set a real price corresponding to the world market, and boost the buying power by artificial means. Personally, I prefer the latter, since the first entails a big risk of corruption. The actual price is still determined by the market, which we don't yet have.

[RAIDLA] The privatization of commercial, service and food establishments has been plagued by numerous reproaches, because the selling prices have often been arbitrary. Maybe, here too, some legislative criteria for pricing should be introduced?

[KAMA] The basic question is, of course, in which currency we do our evaluation. If we price out an enterprise in rubles then, two months later, when the bank transfer is made, the price is no longer the same. This is why we should start evaluating in convertible currency only, and then recalculate it according to the Bank of Estonia ratings.

I also agree that the basics for evaluating property should be legislatively established. On July 20 of last year, the government was asked to come up with a bill to that effect but, to this day, this has not been done. Property evaluations are currently based on the law for small privatization, with the government given the right to set its own prices.

[RAIDLA] When can we expect the law for privatizing big business?

[KAMA] I don't think we can get to the privatization of big business until some kinds of bonds are given to the people. Of course, we could start privatization as soon as there is foreign capital but, it is becoming more and more obvious that the problem is not in who gets the property. To the contrary, in the case of big business enterprises the problem would be finding an owner as such.

To my knowledge there is no law in the making for the privatization of big business.

[RAIDLA] What is the current status of returning illegally expropriated property?

[KAMA] Quite objectively, this will take a very long time. I really hope that the new government will start dealing with it seriously. Up until now, it has been left largely up to the local governments. No state help or support has been given them. Except, of course, the fact that last fall 5,000 rubles were allocated to each commission.

[RAIDLA] There has been a lot of talk that Edgar Savisaar's government sinned against the laws passed by the Supreme Council. May be you could fill us in on some of these accusations.

[KAMA] All municipal ownership that has been assumed up until now has been illegal. The law on the basics of ownership reform stipulates that before municipal ownership can be established, the state property will have to be delinated and approved in the Supreme Council presidium. To this day, this has not been done.

If the government is not in agreement with the law, it should have proposed changing it before starting municipalization. We could have been wrong, indeed.

The biggest sin by far, however, was the inactivity of the government. After passing the law on the basics of ownership reform, we hoped that the whole process would be implemented by fall. But, in essence, we are still at the starting point: Only the applications for returning illegally expropriated property have been accepted.

[RAIDLA] Has the new government embarked on deeds, or is it also limited to words?

[KAMA] At this moment, we cannot speak of deeds yet, but a feeling of hope has emerged that things will start moving soon. At the ministry of economic affairs, constructive thinking along these lines has started.

Tasks have been prioritized so as to get over the hump. So, actually, there has been a shift.

[RAIDLA] When taking office, Heido Vitsur, minister of economic affairs, said that the State Property Office had also assumed the role of generating regulations and that this is not normal. Does changing this situation also call for the involvement of the Supreme Council?

[KAMA] The Supreme Council will have to provide a legislative basis, the government will have to see to the execution of it. What Mr. Vitsur said about the State Property Office was absolutely correct. The State Property Office issued the regulations and also carried them out. Of course, this is not normal. Now, that the regulatory function is being removed from the State Property Office, and it will only be supervising actual rental agreements and the privatization of actual enterprises, issuing sales licenses and approving property evaluations, the situation should get more normal.

The Exchange Law Criticized

92UN1248D Tallinn ARIPA EV in Estonian 14 Mar 92
p 12

[Article by Andres Vutt: "Contradictions of the Exchange Law"]

[Text] On January 9 of this year, the government of the Republic of Estonia issued a decree to regulate the activity of exchanges, that also ratified the temporary directive for regulating the exchanges (see ARIPA EV No. 8, 1992) and the constitution of the Estonian Exchange Council.

This measure was necessary, because exchanges have been operating in Estonia for some time and, up until now, there has been no legislation to regulate their activity. This also creates a series of problems, some of which will be described below.

Is every exchange an exchange

First of all, about the concept of an exchange. According to Item 2 of the above-mentioned directive, an exchange enterprise is a "legal entity that operates in accordance with its constitution and has a state license to operate as an exchange." The definition itself is absurd, since an

enterprise is a subset of legal entities, which makes this contrast meaningless. Declaring an exchange to be one kind of an enterprise causes great confusion. On one hand, operating an exchange (concept not further clarified) is a licensed field of enterprise, on the other, exchanges are enterprises having the appropriate license. The question arises if enterprises whose constitution lists exchange among 20 other activities, would automatically be considered exchanges. If we view exchange as an enterprise, then it should be fully covered by the enterprise law but Item 2, for example, is in direct conflict with the enterprise law. According to the latter, an exchange can be created only by legal entities, even though the enterprise law allows an individual or a group of individuals to be founders of an enterprise. If some individual would like to create an exchange, he would first have to create a sole-ownership enterprise which, in turn, would create an exchange. By and large, everything has proceeded according to law but, in essence, we are still dealing with one individual. It would be much more effective to restrict the creation of exchanges by imposing a requirement for a large initial investment.

Getting a license is confusing

The procedure for issuing operating licenses also remains unclear. Item 9 of the directive is in conflict with Item 5 of the regulations for issuing state licenses that was approved by the Estonian SSR government on May 8, 1990, which does not provide for an option to request additional documents from the applicant for the license. The directive does, however, mention exchange regulations and a list of board members for the exchange, in addition to the application and the founding documents while, for some inexplicable reason, the provision about paying state tax has been left out altogether.

Item 23 of the temporary constitution for the Exchange Council stipulates that meetings of the Exchange Council (which is also the agency that issues the licenses) take place at least once every quarter. At the same time, Item 6 of the directive regulating the issue of operating licenses, stipulates that a license be issued within 10 days after all documents have been submitted and, in cases where specialists are called in or additional expertise required, the deadline would be 30 days. As one can see, it will be practically impossible to meet these deadlines.

What will become of the exchanges already operating

Another crucial question has been left unanswered. Namely, the directive does not specify what is to become of the exchanges already operating. Relying on the principle that a law cannot be applied retroactively, those exchanges already operating should not be required to apply for a license. The general thrust of the directive implies, however, that all exchanges should have an operating license, which cannot be right. The reverse of that would be that operating within a licensed field without having an operating license is forbidden, and hence all exchanges already operating should be closed.

down until the Exchange Council is convened, and the appropriate license obtained.

The legal illiteracy of the government

In conclusion, one could pose the question: When does the Republic of Estonia reach the point where legislation is handled by people who have at least some elementary notion of our law and the judicial system. At any rate, Item 6 of the directive, dealing with "the constitution of the exchange and other regulatory measures of the Republic of Estonia" is one example of this legal illiteracy. The constitution of an exchange is still an individual instrument, since it is binding to only those persons who are linked to one particular exchange. The absolute pinnacle of legal illiteracy, however, is reached with Item 1 of the directive, according to which the measure at hand will regulate the activity of exchanges until the Exchange Law of the Republic of Estonia will be passed. Since measures of civil law usually take effect some time after they are passed, there will be a gap between the time the exchange law is passed and the time it takes effect, leaving a period with no measure in force to regulate the activity of exchanges.

Press in Estonia, Latvia Struggling To Survive

92UM09344 Stockholm DAGENS NYHETER
in Swedish 15 Apr 92 p C4

[Article by Mert Kubu: "New Revolution in Baltic Press"]

[Text] Riga—Editor in chief Elita Veidemane, 36, held up the final issue of the newspaper ATMODA. The atmosphere should have been one of mourning. It usually is when newspapers die. But the mood in the big, littered editorial office was almost exhilarated.

A TV crew was packing up its equipment. A radio reporter was next in line to interview the editor in chief.

The organ of the Latvian People's Front, ATMODA (AWAKENING), had just been silenced. The newspaper's editorial staff had simply grown tired of all the quarrels with the leadership of the People's Front.

In her final editorial on page 1, the editor in chief described the conflict with "the old fogies" in the People's Front under the ironic headline "The Chorus That Was Left Standing on the Stage"

"The opera was over a long time ago. The musicians and soloists have gone to the buffet to drink champagne. The conductor is in the shower. The audience is putting on its outdoor clothes. But the chorus is still standing on the stage."

Obedient Mouthpiece

Elita Veidemane told DAGENS NYHETER: "The leaders of the People's Front are demanding that we be their obedient mouthpiece. But we want to think independently and examine things critically."

Now the People's Front is threatening to strip the editorial staff of its desks, typewriters, and even the armchairs with their worn springs—which look like they were taken from a trash container

"They also want to take away our two Macintosh computers, which we got from our Swedish friends at the VESTMANLANDS LANS TIDNING in Vasteras. But they can't do that. These are our things," said Elita

But the fact that the editorial staff's bank account was going to be frozen in just a few hours was something she could do nothing about

Own Newspaper

So why the mood of exhilaration? The young editorial staff is simply starting a newspaper of its own that will be called ATMODA ATPUTAI (AWAKENING FOR ENTERTAINMENT). The new newspaper will carry articles on politics, economics, culture, sports, life together, sex, and scandals.

The new newspaper will be owned by its editorial staff. The journalists have formed a corporation. The average age of the editorial staff is 23 years. The youngest member is only 17 years old. "Look, here comes our crime reporter. He is 19 years old." Elita was pointing to a young man who had just come in the door

"I am the oldest," tittered the editor in chief, who was dressed in a miniskirt and wearing a wide headband

ATMODA's burial and resurrection are symptomatic of the press in the Baltic states just now. Newspapers and magazines are changing their skin. Once they were owned by the state, and finances were simple. The planners in some agency in Moscow decided how much a newspaper was going to cost. Then the money simply poured down on the editor in chief. As long as he hewed to the party line, publication was trouble-free

Now those same newspapers are in a financial crisis. A metric ton of newsprint cost 8,000 rubles six months ago, but now it costs in the neighborhood of 40,000 rubles. "We can no longer afford to subsidize newsprint," say the ministers in charge of such matters in the Baltic states.

Prices Up

Newspapers therefore try to buy it themselves. But income and expenses do not match. Daily newspapers, which used to cost 2 kopeks each, now cost 3 rubles and more. Most Estonian newspapers were forced this week to inform their subscribers that their subscriptions would be canceled unless they paid in more money. What this means is that circulation will also decline drastically

"It is primarily older people who can no longer afford newspapers," says Margus Mets, editor in chief of PAE VALEHT (DAILY GAZETTE) in Tallinn

Now the employees of PAEVALEHT have also formed a private company. Shares were sold at 1,000 rubles each. Those who bought the most own 20 shares.

PAEVALEHT has already increased its single-copy price. But it is refraining from asking more from its subscribers at the moment—pending the introduction of the Estonian krona. But PAEVALEHT's circulation has already dropped very drastically. Its maximum circulation was 190,000 copies. Now it is down to 42,000. Its competitor RAHVA HAAL (PEOPLE'S VOICE) still prints 144,000 copies but is expected to lose half of that as the current subscriptions are canceled and it begins charging more.

We asked: "What does the annual budget for a newspaper like PAEVALEHT look like?" Margus Mets laughed: "Annual budget? What's that?"

With the ruble experiencing superinflation, Mets does not even have a budget for April. So far, income has just barely covered costs. But April will certainly end with a loss. He hopes to be able to borrow 1 million rubles from the bank. At an interest rate of 35 percent for one year. That is a very good offer. He has previously been offered loans only at more than 100 percent for one year.

Modest Pay

It is not only the price of newsprint that has soared. Salaries must be increased. A good reporter now costs from 3,000 to 4,000 rubles per month, to which are added nearly 2,000 rubles in monthly fees. Based on the exchange rate, that is a very modest amount: about 300 Swedish kronor. But a minister does not earn much more than that at 6,100 rubles per month.

Are newspapers in Estonia for sale to foreign interests? Both yes and no. Newspaper executives in Tallinn are not interested in swindlers who want to take over with a stack of rubles.

On the other hand, serious foreign investors are welcome. But they must be willing to invest in modern technical equipment. The presses at Newspaper House in Tallinn are over 70 years old and in wretched condition.

So far, Bonniers is the only firm to have taken that step. Acting through DAGENS INDUSTRI, it has started a newspaper in Tallinn called ARIPAEV (BUSINESS DAY) and a similar newspaper in Riga, Latvia. ARIPAEV is doing well and even making a small contribution to group earnings already.

The Federation of Swedish Farmers (LRF) has decided to donate 100 metric tons of newsprint and five computers to help the newly established EESTI MAA (ESTONIAN LAND), a newspaper owned by the national organization of Estonian independent farmers—that is, the Estonian equivalent of the LRF.

LATVIA

President Sees Government Stability, Economy Tie

92UN1128B Riga DIENA in Latvian 6 Mar 92 p 1

[Article by J. Vilnitis: "Gorbunovs: 'Government and Supreme Council Face Natural Destruction'"]

[Text] Rezekne, March 5. "If the economic decline continues, then the government and parliament face natural destruction, not threats from any political power," said Supreme Council President Anatolijs Gorbunovs today in Rezekne, meeting with Latgale farmers. He admitted that legislation on land reform and other farm-related problems is being adopted very slowly, thereby making the situation more acute. The solution to overcoming the agricultural crisis, in the opinion of Gorbunovs, lies either in agricultural subsidies, or in increasing the purchasing power of the residents and along with that causing inflation to worsen.

The major worries of the Latgale farmers are prices and the lack of fuel. Thus, the Ludza district executive committee specialist in farm managements questions stressed: "The statement by Ivars Godmanis that a recoil in agricultural prices has occurred is interpreted as a warning by us—farmers will find themselves in a very difficult situation. They were only trying to recoup their costs." The prime minister's remarks on TV that prices have hit the "ceiling" of residents' purchasing power were replayed by others. "If there is a recoil in agricultural production, then why isn't there a recoil in industrial production. A pail costs 150 rubles today, will cost 200 rubles tomorrow, but we have to content ourselves with 'recoil'," according to the concerns voiced by the Kraslava district representative.

Agrarian reform board specialist Rainers Sprogis asked the parliament representatives to extend the last date for privatization (it is March 15, for the time being) because out of 600 farms, only about 100 have registered for the new status. If the privatization date is not extended then the farms that have not accomplished privatization stand to have their accounts in the Bank of Latvia branches closed as of March 15. The opinion expressed at yesterday's press conference by Deputy Gunts Grube that privatization is being intentionally delayed was called demagoguery by R. Sprogis. The job was hampered when parliament did not adopt the resolution on documentation necessary for registration.

A. Gorbunovs stressed that these meetings are necessary in order to find "survival opportunities", not to ascertain crises already known by all. "Unfortunately, new proposals that I could bring back with me to Riga, to suggest for discussion to the Prime Minister, were not voiced today," A. Gorbunovs concluded at the end of the meeting. Nevertheless, sharp discussion are expected tomorrow when the First Deputy Minister of Agriculture, Andris Skele meets with farmers from the Valmiera area.

Prime Minister's Economic Advisor Examines Monetary Policy Options

92UNI231A Riga NEZAVISIMAYA BALTIYSKAYA
GAZETA in Russian No 9, Mar 92 pp 1, 3

[Interview with Vyacheslav Ivanovich Mishin, economic adviser to the prime minister of Latvia, by Svetlana Illicheva; place and date not given: "Get Ready To Tighten Your Belts"]

[Text] Vyacheslav Ivanovich Mishin, economic adviser to the prime minister of Latvia, is a candidate of economic sciences. He worked in the USSR Central Economic State Bank and did graduate study at the Institute of the National Economy imeni V. Plekhanov in Moscow. For 20 years he directed a sector in the Latvian Scientific Research Institute of Planning.

For the last two years he has worked in the Council of Ministers of the Latvian Republic. He feels that he is lucky, because a living economy presupposes a process of constant, creative searching.

[Illicheva] Vyacheslav Ivanovich, in the summer of 1990 the introduction of so-called "white money" was contemplated in the Latvian Republic. It is known that you were one of the authors of the idea of "white money." Tell us, why is its introduction being delayed and are there not grounds to think that the experience with the existence of "parallel moneys" in other republics proves that this experiment is not promising?

[Mishin] The idea of "white money" was developed at a time when appropriate economic circumstances existed, and they have now changed substantially. Prices had not yet been released, and the idea of "white money" fit the policy of protecting the domestic market. "White money" was to be the means to limit the influx of rubles and export of goods. It was not credit, but by our conception a currency for cash circulation which could guarantee every inhabitant of Latvia at least a minimum consumption standard.

Today we have a completely different situation. There has been an avalanche of price liberalization. The government has very few levers left to restrain price rises. Fuel and raw materials, which Latvia must buy at very high prices, have a corresponding impact on the prices of goods in the sphere of fixed consumption.

With free prices the need for "white money" disappears because it is almost impossible to protect the domestic market anyway.

Moreover, from the example of Ukraine we learned that parallel means of payment are not promising: the coupon system is going to end in failure any minute. And it is no surprise: All Ukrainian industry, and in general the whole economy, is maintained on imports and is tightly bound up with Russia.

Latvia has slightly more opportunities. Our agricultural production is mainly oriented to the domestic market.

Latvia has a monopoly on certain types of industrial output. For example, there was a brief time when Russia stopped delivering fuel. Latvia took retaliatory steps; it held up deliveries of assembly components and parts which, in the territory of the former Union, are produced only by the Daugavpils Drive Chain Plant, the Riga Auto Electrical Appliance and Sarkanais Kvadrats enterprises. And the Russian Volga Automotive Plant shut down for a few days.

Now, after Godmanis's trip to Moscow where an inter-governmental agreement was signed and a list of goods of mutual interest to the two republics was ratified, this incident is behind us.

Voluntarism is categorically contraindicated for decisions in the field of economics. Before taking concrete steps, including the introduction of parallel money, you first have to calculate everything out carefully. Of course, you can introduce coupons or "white money" to suit political ambitions, but life has shown how this ends up. What awaits Ukraine?

[Illicheva] The Russian Government is aspiring to make the ruble convertible. But after a period of decline the exchange rate of the dollar relative to the ruble has again begun rising. How can you explain this? Does the Godmanis government intend to do something to strengthen the ruble in Latvia, or do you think that the day of the "wooden" ruble is over and financial stabilization can only be attained after introducing your own currency?

[Mishin] It is true that the exchange rate of the dollar has begun rising. But the value of the dollar relative to the ruble is not at all tied to the economic situation.

The behavior of the exchange rate is unpredictable and can be explained by many "shadow" factors. Above all, the Russian Government has restricted the emission of cash money. The liberalization of prices, which reduced consumption, is also having an effect. In the two and a half months that have passed since liberalization many people have exhausted their cash reserves. Furthermore, dollar intervention from outside was noted long ago in Latvia. Entrepreneurs have already accumulated hard currency, but it is not profitable to spend it; it is better to pay for ongoing consumption in rubles.

When privatization begins, the exchange rate of the dollar will be entirely different. The Latvian Bank is thinking about establishing a special investment rate of exchange for the ruble, and a method of calculating based on a 1:1.5 ratio has been developed. But for now any guest from the United States with an average amount of dollars in his pocket can be a millionaire here.

It would simply be insanity to begin privatization with the present dollar exchange rate. Foreigners would buy us up completely.

As for the ruble's "day," as you mentioned, it is far from over. The Gaydar government, in my view, is the most

qualified of all known governments. Judging by everything his team has studied the laws of the market well. They are a whole school of like-minded people who know where they are going. The steps taken by Gaydar lead me to think that the Russian Government has a program to normalize the ruble. In 12-18 months, I will make bold to say, the ruble will be a convertible currency. And we should not expect monetary reform here. The monetary unit in Russian will remain the same, although its external appearance will probably change. Rubles with the old design will gradually be withdrawn from circulation; for a certain time they will circulate together, some old and some new rubles.

Incidentally, the Russian economists have an idea for a marked ruble. The Bank of Russia is offering the republics, including Latvia, marked rubles. It is proposed to establish a market exchange rate for republic currencies relative to one another. For example, it is contemplated that the Latvian ruble will be equal to 1.2 Russian rubles, two Estonian rubles, three Ukrainian ones, and so on. If the exchange rate of the Latvian ruble declines relative to the currencies of the other republics, this is evidence of the weakness of the economy and of the fact that for now it is premature to introduce our own currency.

But if the rate stabilizes, then there are economic preconditions to introduce our own currency. It cannot be introduced without considering trends in the economy.

But having your own currency is an attribute of independence. If Latvia, as a part of the ruble zone, is able to ensure a deficit-free budget for itself then the lat will be introduced.

But it will not be in the periods of time mentioned by Mr. Repshe, the bank president. The crisis in the Latvian economy will worsen by summer because the liberalization of prices for fuel and raw materials will make prices for various commodity groups soar by two to 10 times.

If we are guided by political considerations only and introduce the lat no matter what, it also will be a "wooden" currency.

On the other hand, without its own currency Latvia will not be taken seriously in the IMF. But I repeat, economic reality is a more important factor than politics.

[Ilicheva] The idea of a unified Baltic monetary unit, the balta, was once current. Did it die in the cradle or was it temporarily stalled?

[Mishin] I personally am skeptical of this idea. The coordination of policies of the three Baltic countries leaves much to be desired. The introduction of the vagnorik in Lithuania, for example, took place without any coordination with Latvia and Estonia. These three states, despite their common geography, differ greatly from one another. And that includes their economies. Moreover, it appears that the differences will increasingly deepen.

So I do not think that the idea of the balta will be developed at all.

New Transportation Minister Appointed

92UN1128C Riga DIENA in Latvian 5 Mar 92 p 6

[Article by L. Petrovica: "Transportation Minister of Republic of Latvia is Appointed"]

[Text] Riga, March 4. Andris Gutmanis, former First Deputy Minister of Economic Reforms of the Republic of Latvia, a chemist by training, was appointed as the Transportation Minister of the Republic of Latvia today by a resolution of the Supreme Council of the Republic of Latvia. Until January 11 of this year, the Transportation Ministry was headed by Janis Janovskis, who died in an automobile accident.

The new Transportation Minister, who heads the Ministry in charge of all forms of transportation, postal service, and foreign tourism communications, sees the modernization of the communications branch as one the foundations for the economic upswing of Latvia. A. Gutmanis supports involvement of foreign firms, which could provide some choices for the subscribers and promote competition, while at the same time raising the quality of service. A. Gutmanis acknowledged that the building and modernization of Latvia's roads was vital. Although the Supreme Council allocated only 135 million rubles from their budgetary funds instead of the 450 million rubles requested by the Transportation Ministry (Lithuania has allocated a billion rubles for its roadways), the Minister wants to prevent the layoff of qualified specialists, and therefore will look into credit as a solution.

The problem with providing air transport fuel must be solved immediately. Therefore, he sees his first priority as collecting last year's debt from Russia—Latvia is owed 200,000 rubles worth of oil products for the building of roads in Tyumen. Regarding the fuel shortage for public transportation, the Transportation Minister stressed that more fuel-efficient motor transport should be acquired. With the initiation of privatization and the disbanding of the monopoly in the transportation area, his first involvement will be the privatization of the motor transport branch. A. Gutmanis stated that it is important to take over former USSR property, so the shipping and railways remain under the jurisdiction of Latvia.

Minister Issues Warning on Abrene

92UN1128D Riga DIENA in Latvian 10 Mar 92 p 1

[Article by J. Silis: "Bringing Up Abrene Problem May Cause Serious Consequences"]

[Text] Riga, March 9. "The Abrene problem has been brought up prematurely", as told to reporters today by the Foreign Affairs Minister of the Republic of Latvia, Janis Jurkans, who just recently returned from the

founding conference of the Baltic Sea Region Nations Council. The statement refers to the resolution adopted by the Supreme Council on January 22 of this year, that the act of incorporating Abrene district under Russian jurisdiction is illegal. This resolution was one of the reasons for the attacks on Latvia by the Foreign Affairs Minister of Russia, A. Kozyrev, at the Baltic Sea Region Nations conference.

"Parliamentarians who vote on these documents should pay attention to the prevalent attitude in Europe, that these are serious questions" noted the head of the Foreign Affairs Department of the Republic of Latvia. Off the record, the Finns have reminded us of the territories taken away from them. Also, the Lithuanian Foreign Affairs Minister, A. Saudargs, reminds us of the necessity for unified Baltic national policies and cooperation. "If you start in with Abrene, then Lithuania will be gnawed down to the bone", said A. Saudargs. Poland could raise claims against Lithuania and Ukraine, Germany against Poland. Even our present day Kaliningrad region has not been a part of Russia for that long. "If we were to bring up the question of revising the borders, there would be commotion and chaos. I don't think we need any jurisdictional finesse, just a pure political evaluation of what Latvia would gain and lose today if Abrene was returned", said J. Jurkans. If the Republic of Latvia doesn't change its foreign policy, one of whose major missions is to help solve internal policy questions and renew Latvia's position in Europe, then "we can't participate in their services", reminded the Minister of Foreign Affairs. "Either we accept Europe such as it is, or we enlarge our open-air ethnographical museum and live happily ever after, ignoring what's happening around us."

Responding to DIENA's question on the connection between Russia's attack on Latvia at an international forum and the activities of Russia's army in Latvia, J. Jurkans said: "I am convinced that the army question is a political question, although Russia is treating it as a social matter. In analyzing the foreign affairs of Russia, the inference is that it has pulled away from internal politics. The road to Europe leads through the Baltic countries, and Russia is probably not ready to give up this springboard." It is even possible that the army's leadership does not warn Russia's Foreign Affairs Minister about all of the maneuvers and repositioning. "These military games are related to the fact that it is important to show the world the troops are being withdrawn from the Baltic."

Weapon Restrictions Placed on Defense Forces

92UN1128A Riga DIENA in Latvian 6 Mar 92 p 2

[Article by the chief of staff of the Latvian Defense Forces, G. Kristovskis: "Handgun - Responsibility or Toy?"]

[Text] Many questions have been raised recently concerning the creation of defense measures for the

Republic of Latvia, including the Defense Forces as one of the defensive action strongholds. To what extent the people are informed and what their level of understanding is with regard to these questions varies considerably and requires a broad and durable explanation. This time we deal with one of the final vital questions that involves the rights of the whole of the Defense Forces and of each individual member—the right to obtain, keep, carry and use firearms.

In fact, such rights have been anticipated for the Defense Forces by the legislation: "Regarding the Defense Forces of the Republic of Latvia". This is an essential and very responsible initiative in the field of legislation, which, as supported by our parliament, places trust in our people in the hope that its representatives will be wholly responsible in their enjoyment of these rights. A further definition of the handling of firearms is provided by the Defense Forces service weapons regulations and instructions. It is obvious that this puts great restraints on the activities of the Defense Forces, since firearms can only be carried by an individual in uniform (although uniforms are relatively scarce), or with the specific permission of the chief of staff of the Defense Forces, or by order of the battalion commander.

But life is moving ahead at a much faster pace than that of the production of the necessary material for the uniforms of the Defense Forces in Latvia, and therefore we cannot wait, but must attempt to circumvent these problems, since everyone wants to exercise their thoughts and energies. In fact— at this time we are starting to feel the power and positive force of the Defense Forces, and it is important that they have a more or less meaningful armament in their hands.

However, it would not be realistic to expect such a complicated question as firearms to be resolved smoothly and without interjection. Unfortunately, the information that we frequently read in the press, reporting various negative incidents involving individuals of the Defense Forces caused by their unskilled and irresponsible use of firearms, is not pleasant for me as the chief of staff of the Latvian Defense Forces, nor for those workers and volunteers in the Defense Forces who are carrying out their entrusted duties.

What can be done in such a situation? And is it at all possible to expect better results after almost 50 years of isolation, during which time a normal member of society was prohibited from acquiring a firearm for purposes of self-protection?

I think that, overall, the Defense Forces have passed this first test in a comparatively satisfactory, maybe even good, manner. Of course, we have to consider that the Defense Forces have no training center, lack instructors, and therefore the training of the Defense Forces is incomplete and the quality of their work is harder to

insure. Nevertheless, these and other problems not mentioned here are not an excuse to prevent analyzing those negative incidents that have already occurred in our voluntary service.

It is indefensible foolishness if a "young upstart" with a handgun goes dancing or somewhere to raise a glass.

We in the Defense Forces have started to disseminate newsletters, which following the service investigation, give the reasons for the occurrence of each negative incident. However, almost in every "Criminal Bulletin" report, based on the operational information from the Interior Ministry, the information on the Defense Forces is relatively incomplete, sometimes even incorrect or presented in a convoluted manner. But that is not what I want to focus attention on. It simply reveals that the rights and responsibilities of the Defense Forces in terms of the individual and the entire force have not been fully comprehended. This could be looked upon as a childhood disease that one has to suffer through, and in the meantime we should just wait until the situation becomes stabilized. But we cannot allow ourselves to wait. Therefore headquarters of the Defense Forces is adopting decisions and will also initiate measures related to the question of firearms negligence.

Already in more than one instance, the Defense Forces battalion commanders with specially formed commissions have again had to review the knowledge of the Defense Forces on weapons regulations. An order has been given that upon issue of a personal weapon, the recipient must be endorsed by the battalion commander and two individuals of the Defense Forces. However, it seems that this has not been followed in some places, since how else could we explain why the number of negative incidents remains comparatively large. For this reason headquarters of the Defense Forces issued order No. 45: "Regarding the issue and bearing of personal weapons by a member of the Defense Forces", which has upset the inhabitants of Latvia as well as the members of the Defense Forces. Recently, headquarters of the Latvian Defense Forces has received more than one letter saying that treason and the disarmament of one's own nation has occurred... No, this is not treason. That I can guarantee, taking full responsibility. This is only a concrete initiative to retrain those individuals who have joined the Defense Forces, giving their oath, without understanding why. I cannot describe it any other way than as indefensible foolishness and irresponsibility if a "young upstart" with a handgun goes dancing or somewhere to raise a glass. It would be lucky if only the "young upstart" suffers the consequences of this foolhardiness, but what if a completely innocent person has to suffer? Then it will not be enough to call for help from A. Gorbunovs, nor from me, and he will just have to go and sit it out in prison. On the other hand, a review of personal weapons possession is needed so that those members of the Defense Forces can receive them who feel sufficiently responsible and who have a much greater

need for them, for example in the rural divisions or elsewhere, but who still cannot be protected due to the shortage of firearms.

Therefore, my honorable Defense Force members, strictness in weapons matters is intended for your own good. It is preferable that you carry them when you are actively performing your duties in the Defense Forces, as it is done in Scandinavia and elsewhere in the world. However, if your daily life is so full of danger that you cannot get along without your personal firearm, then carefully and thoroughly think about how you are going to perform your actual Defense Force duties—to protect your family and homestead, and if you are able to provide written confirmation, the Defense Forces will continue to support you and you will be one of many Defense Force members, because together we have a big job to do for our country—Latvia!

• G. Kristovskis—Chief of staff of the Latvian Defense Forces

History of the Latvian Constitution Summarized

92UN1127D Riga DIENA in Latvian 15 Feb 92 p 1

[DIENA commentary by V. Egle: "Satversme"]

[Text] "Satversme" in the Latvian language is synonymous with the Latin word "constitution". Today, February 15, is exactly 70 years since the constitution of the Republic of Latvia - the Satversme - was adopted.

The first time there was widespread discussion about a constitution for Latvia was in the year 1917, after the February revolution. At that time, Latvia was merely attempting to gain autonomy from Russia's grip, and the residents of the unoccupied sections of our country participated in the Russian Constitutional Assembly elections. But of course this assembly couldn't even begin discussions on the constitutional project, because on the morning of January 19, 1918, seaman Zheleznavskov's division was ordered by Lenin to disperse this elected body, after which all of the outlying districts of the empire, including Latvia among them, set their course for independence. The second Latvian constitution was adopted by the communists in Riga between January 13 to 15, 1919, at the First Joint Latvian Soviet Congress headed by P. Stucka and Y. Sverdlov. Of course this was adopted by the gathering of 705 bolsheviks, none of whom had been elected in any sort of general and free election. Only after the liberation of Latvia on April 17 - 18, 1920, did the whole nation elect the Latvian Constitutional Assembly, which went on to develop and adopt, after a period of just under two years, the third in order, but the first (and only) legal Latvian constitution. This constitution was in effect until it was halted by Ulmanis' upheaval in the year 1934, and afterwards by the Soviet, German, and again Soviet, occupations.

Now the Satversme—the constitution of the Republic of Latvia—has been once again officially put into operation, although the present situation is unclear and dubious. The power to issue legislation rests in the hands of the Supreme Council, although this national ruling structure is not defined by the Satversme, but by a totally different constitution—the fourth in order for Latvia, and again illegal, since it was adopted not by an assembly of representatives elected by the people, but by a "puppet theater". The Supreme Council elections, while being unusually liberal for the occupational regime, still did not adhere to the Satversme, were not multiple party elections, and took place not only in the presence of the occupational military forces, but also with their participation. The contingency of the voters was totally unclear, since the concept of Latvian citizenship was disregarded. This is not the only problem, as there are yet others, the legislative activities of the government body have been chaotic, strategic planning has not been effective, the priority of legislative acts has not been observed.

Also the Satversme itself seems to be slightly outdated from our present day point of view, especially since it has not been operational for so long. Of course, there are two logical and juridically proper ways to get out of this chaos.

1) first of all, to completely renew operation of the Satversme, and afterwards, if necessary, alter it by such procedures, as provided for by this constitution;

2) convene a new Constitutional Assembly, which would work out a new constitution. Nevertheless, right now the Satversme, as the nation's fundamental law, is and remains the main guarantor of democracy in Latvia.

Conservative Party Platform Sketched

92UN1127C Riga NEATKARIGA CINA in Latvian
16 Jan 92 p 1

[Unattributed Article: "CPFC, Conservative Party of Free Citizens"]

[Text] The party was established on April 16, 1991, when various citizens' groups united. The word "citizen" in the title is used as a synonym in the sense of "tenant", "proprietor", "owner".

Parties analogous to CPFC in the world are: Moderates in Sweden, Conservatives in England, "Hoire" party in Norway, Christian Democrats in Germany, and Republicans in the USA.

Supporters and Principles of Operation

CPFC considers its supporters to be primarily from the ranks of the Latvian farmers, the civic-minded among the city dwellers, and that segment of the workers' population which regards the foundation of all values to be the national people, the family, the land, private ownership and the national country. Already now among

the workers, there are those who understand that the renewal of the nation and the creation of more and more new jobs can only be accomplished by entrepreneurs who rely on such everlasting values as **God, Nature, Work**. In this vein, the CPFC economic program is based on privatization, the organization of independent and powerful financial systems, and the introduction of market economy principles and structures in Latvia. The major criterion in the privatization program options worked out by the party is individual access to every production unit, while at the same time, being in immediate conformity with the laws in force. The CPFC economic work group is prepared to help any entrepreneur become part of the market structure, developing optimal individual conversion projects for him, while at the same time, not asking for any compensation for this.

The CPFC point of view on the question of citizenship is derived from the 1922 Constitution of the Republic of Latvia and related laws of the Republic of Latvia

Political Battle Allies

CPFC sees a possible and desirable union with already existing economically conservative forces—the Farmers' Union, the Liberal party, etc.—in the Constitutional pre-election battle.

Announcement by the Conservative Party of Free Citizens

The government has shown that it is not promoting the initiative to convert to a market economy. There are no privatization programs, no conceptual economic plan has been published yet, if such even exists. The freeing of prices is being done in a manner unrelated to privatization or other necessary market reform components. A financial structure responsive to a civilized market economy is not being formed.

This all demonstrates that the government does not understand the processes that occur in private business. It has confined itself to registering private entrepreneurial organizations and is not concerned with making a competent assessment of the processes in this sphere.

Since reform is being carried out in an incompetent manner, not only do the private entrepreneurial organizations of the republic not feel any help from the government, but—quite the contrary—they encounter pressure and threats. This does not promote the confidence of private business in the government. Instability creates a psychological atmosphere where businessmen do not want to risk capital by investing it in production, but for the most part work as middlemen or invest their capital in foreign countries.

Our party has a positive structural development program for a market economy, and it is prepared to work together with private entrepreneurial organizations, because their interests coincide with the party's main operational goal, and because the interests of society

during this phase, more than ever before, are in harmony with the entrepreneurs' interests

CPFC Strategy Board

Formation of Centrist Party Proposed

92UN1123B Riga DIENA in Latvian 25 Feb 92 pp 1, 8

[Article by Antra Puke: "Future of Centrists Unclear"]

[Text] **Riga, 24 Feb.** The economic crisis, the unstable political system, major unresolved political questions, confusion in the state's armed formations and their lack of coordination, and the presence of the formerly Soviet army in Latvia, could result in there being a new totalitarianism in this nation. This is especially true given that the legacy of the past 50 years—namely, the totalitarian system of administration—remains almost untouched. Therefore, in order to prevent the advent of totalitarian rule in our Republic (moreover, both a rightist or a leftist dictatorship is possible), it is first of all imperative that the aforementioned questions be resolved. Realistically, this could be done by a political force that assumed the hitherto vacant political center of the Latvian political spectrum, and that united "all the democratic forces of Latvia." This was the fundamental idea voiced by the organizers of the "democratic forces work session" (among whom were Peteris Lakis, Vladlen Dozorchev, Janis Skapars, Dainis Ivans, and Ints Calitis) that took place last Saturday at the Palace of Congresses in Riga. The participants of the meeting did not get any further than a repetitious and detailed assessment of the situation, and a more or less mutual understanding that at least in the near future, this new force will not become a party; instead, it will have the status of an alliance—that is, it is to be an association of political structures united by their common views rather than by a particular social base. It is still too early to speak of any specific program for this new alliance of democratic forces.

The only thing really achieved last Saturday was that participants who remained until the end of the session (half of those who assembled at the beginning in an almost packed main hall of the Palace of Congresses) voted unanimously to create facilitator groups in the nation's rayons, and to establish the "Democratic Center Fund." However, they did not go into the details of what this fund would be for.

During the debates, speaking of the need to develop centrist political forces, Dainis Ivans noted that, "What's taking place here is no accident, but a natural development—perhaps even throughout Eastern Europe." He continued that Latvia is the last among the three Baltic States where such a force is being established: In Estonia, former prime minister Edgar Savisaar's centrist party is already at work; in Lithuania, there is the "Democratic Alternative" led by Romualdas Ozolas, which has been disappointed by the *Sajudis* people's movement's radicalization, deviation toward rightist positions, and consignment of democratic ideals to oblivion. The centrists of Latvia maintain a similar

position: Already since last fall, the People's Front of Latvia has assumed quite radical positions. Although political independence has been achieved, they contend that the second point of the People's Front's pre-election program (alongside that of achieving political independence) and the one with which it won the 1990 elections—namely, the creation of a civil-democratic political system—remains unfulfilled and has in reality been forgotten. Several speakers emphasized that the Supreme Council is partly responsible for the current critical situation in the political system and economy—only partly so because, as Peteris Lakis put it, "our present difficulties are objective ones, and a crisis is inevitable in any postcommunist state."

Juris Bojars, chairman of the Democratic Labor Party of Latvia, had his own view, and ("speaking for myself, thereby bearing less responsibility") voiced from the podium his grievances over the fact that the initiators of the meeting did not invite the leader of this party, too, to sign their recently adopted call. In his opinion, the call is just a "legally slick paper" in which, with the exception of a few general passages, there is practically nothing new. Said Bojars, "Our entire struggle for democratization could turn into shadow boxing if we don't answer the question, whose fault is this threat to democratic goals, and how will we struggle against it? Who is at fault for what has happened? Who put those people in power that can seize power and establish an antidemocratic society? Who else has built this state, if not they who started the People's Front? Moreover, we don't even try to limit the power of these officials. Even now, the government has not given account of its mistakes before parliament. It has not even responded to specific criticism. There has only been a whitewash."

Foreign Ministry Costs Sketched

92UN1123A Riga ATMODA in Latvian No 6,
11 Feb 92 p 2

[Unattributed article: "How Much Does Jurkans Cost?"]

[Text] In the 5 Feb issue of DIENA under the heading, "Foreign Affairs News," we read the laments of our esteemed and elegant foreign minister, Janis Jurkans—namely, that our nation pays even its envoys abroad significantly less than elsewhere in Europe or the world (as of now the ministry figures on 45-50,000 dollars a year, while envoys of Denmark, for example, receive around 85-90,000 dollars a year).

So that's how it is. It seems the employees of the foreign ministry have become distantly removed from their homeland. While most inhabitants of Latvia earn a few hundred rubles a month—or, converting to hard currency, a few dollars—and every day must think of how they are going to make ends meet, newly appointed diplomats have other problems. How soon the foreign minister has forgotten how much he himself earned painting the walls of buildings. I can understand the foreign ministry's wish to catch up to European and

world standards as soon as possible, but I fear that Latvia's taxpayers will not be able to afford our expensive diplomats and luxurious embassies. Latvia cannot afford what wealthy Germany or Denmark can. Can it be that, having seen a few Volvos and Mercedes on the streets of Riga, our foreign ministry people think every resident of Latvia earns just as much as a Dane or German, and that every employee of the State Electronics Plant has money saved up for his own Toyota or Mazda?

We can spend millions on the representation of Latvia, but we will not be able to hide its poverty. We will not be able to hide either the beggars at the Riga train station, nor the supplicants seeking aid from Western governments, nor the children mauled by rats, nor the new farmers, to whom for lack of money the state is unable to issue credit for spring planting.

Upon reviewing the budget of the foreign affairs ministry, it's not as if it's out of stinginess that Supreme Council deputies should weigh each dollar spent and consider how to spend it usefully. Once the Latvian nation is rich, we will be able to afford to pay our diplomats even more than the Danes!

Unemployment Continues To Rise

92UN1123E Riga DIENA in Latvian 12 Mar p 1

[Article by Dzintars Mednis: "Unemployment Has Risen, Will Continue To Rise"]

[Text] **Riga, 11 Mar.** Over the past week unemployment in the nation rose sharply. Even so, specialists believe that the worst has yet to come. Based on the parameters of the economic crisis, state experts in the employment service estimate an unemployment rate of nine to 12 percent this year. If unemployment reaches 10 percent of all workers, then this year alone around 150,000 inhabitants of Latvia could become outcasts. Average unemployment in Eastern Europe is already at 12 percent.

The dynamics of the increase in the number of people looking for work is as follows: Whereas from 15 Jan to 1 Mar, 7901 people registered as looking for work, already by yesterday 9,500 people had done so. The number of people recognized as unemployed as of 1 Mar was 1,852; already by 10 Mar it was 2,500. Assistance has been allocated to 424 people. Ilga Upeniece, chief specialist of the economics department of the State Employment Service Center, concedes to DIENA that by no means do these figures accurately reflect the objective situation that has developed in the area of unemployment. The relatively low figures result from the fact that a large number of people who are unemployed, are for now still legally connected to their enterprises. These are people who have been sent on vacation by their enterprise management, which is still hopeful of better times ahead. It is anticipated that the ranks of the unemployed may soon be flooded by people who have already been relieved of duty at their enterprises. They are entitled to compensation in the amount of their average monthly

wage for three months, after which they may claim unemployment support for six months. Part-time employees may also be considered as being at risk.

"The situation is ruinous! Therefore we must quickly work out a new, detailed program for the activity of the State Employment Service," said its chief, Sergey Blazhevich. At present it has 130 employees, but this number purportedly needs to be increased to 780.

Today, Blazhevich invited Latvian Welfare Minister Teodors Enins, Enins' first deputy Janis Plato, and the director of the Labor Department, Andris Berzins, to the Kurzeme Rayon and Vidzeme and Latgale Suburb Departments of the Riga City Employment Service.

Bank of Latvia Becomes Independent

92UN1123F Riga LATVIJAS JAUNATNE in Latvian 12 Mar 92 p 1

[Article by Inguns Gailums: "Bank of Latvia Becomes Independent"]

[Text] Yesterday, parliament adopted a law on the Bank of Latvia in its first version. The law provides that in the future, the policy of the Bank of Latvia as regards the issuance of money shall not be influenced by parliament, the cabinet of ministers, or the whims of representatives of the Ministry of Finance.

Despite the fact that the nation's main financial instrument is changing its function and tasks, deputies displayed conspicuous drowsiness during the debates on the law. Members of parliament wanted to know whether the Bank of Latvia will continue to service the budget and whether it will become a monopoly that suppresses commercial banks. In defense of the bill, Einars Repse, president of the Bank of Latvia, responded that the bank will no longer handle commerce, and there is no basis for concern over any monopoly. Similarly, he enlightened the deputies as regards servicing the state budget: It is more than obvious that the Central Issuance Bank will not be able to fulfill such functions since it will not have enterprise or organization accounts. A few expressed dissatisfaction over the bank's large statutory fund worth 500 million rubles. Where are we to come up with so much money? Luckily, this time it is not the deputies' problem. At present the bank has 63 million allocated toward this, which will be augmented to 500 million by issuing credits to commercial banks.

In the future, the main task of the Bank of Latvia will be to stabilize the national currency and to issue money. At the same time, the functions of the bank are being restructured with this very aim in mind. As Repse explained following the session of parliament, the stability of the lat will be regulated using tools that are very familiar to world practice, among which is to influence the issuance of credit. If there is too much money in circulation and the exchange rate of the lat relative to other units of currency falls, then the Bank of Latvia will increase the interest rate for credit, thereby decreasing

the demand for credit. Thus, the exchange rate of the lat will rise. Furthermore, in order to avoid displacement of the national currency from circulation, in the Latvian market one will only be able to buy and sell goods for lats. Such a measure is necessary because any buyer would have more faith in the dollar, and already on payday would try to exchange the lat for some other currency. Despite this, people will be able to freely exchange the lat for foreign notes. This, too, will become one of the bank's functions, and will help regulate the exchange rate of the lat. As soon as the national currency begins to lose its purchasing power, the Bank of Latvia will try to sell securities and foreign currency in order to buy up lats, thereby decreasing the amount of lats in circulation.

After the introduction of the new money, will monopolies such as *Parex* be able to exist and influence the exchange rate of the lat? Repse replied in the negative because such enterprises will be faced with the law on monopoly.

In order for the Central Bank to successfully conduct the functions necessary and ensure the stability of the lat, it must be independent of both the government and parliament. As world experience has shown, inflation is inevitable in nations where members of parliament can dictate the volume of issuance in order to cover the budget deficit. If the independence of the bank of issuance from the government and leading political currents is not ensured, then it is clear that the ailment of inflation will be born simultaneously with the lat.

Bank of Latvia Seeks To Free Interest Rates

92UN1128E Riga LATVIJAS JAUNTANE in Latvian
10 Mar 92 p 1

[BNS report: "Godmanis Objects that 'Bank of Latvia Seeks 'To Free' Interest Rates'"]

[Text] Due to the shortage of loan resources, the management of the Bank of Latvia feels it is essential to stop setting "fixed" interest rates for short-term loans. This was reported to the Latvian parliament deputies by Prime Minister Ivars Godmanis, who had met with the management of the Bank of Latvia the day before yesterday. He proposed that the Bank of Latvia management raise the interest rates, but still keep them "fixed". While the Bank of Latvia can now charge up to 25 percent interest on loans, under the new conditions of supply and demand, loan interest rates could increase to 80 percent. As expressed by I. Godmanis, such rates would benefit industry, since this would not allow for the goods to be "stored", but it would create a total collapse in the trade of goods. Sellers of foodstuffs would not be able to repay such a debt, and therefore either trade would stop, or the price of food-stuffs would rise sharply. This could lead to a general collapse, since the budget does not have the funds to increase residents' minimum wage.

I. Godmanis stressed that while the government does not have the right to pressure the Bank of Latvia, the government's negative attitude will be expressed at its general meeting. The Vice President of the Bank of Latvia, Alfreds Bergrs-Bergmanis explained to the BNS reporter that right now Latvia needs several billion rubles in loan resources, which it does not have. "In the situation where inflation is continually growing, everyone is interested in obtaining a loan, because the percentage growth in inflation is incomparably higher than what is being charged for loans." In the Bank of Latvia system, 8.5 percent is being charged for short-term loans, 20 percent for credit risks, but overall, the Bank of Latvia is allowed to charge up to 25 percent for loans. Already now, as A. Bergrs-Bergmanis informs us, Latvian commercial banks are charging 30 percent for loans and various Russian black marketeers are offering short-term loans for 150 percent. During talks in Moscow, representatives of the Bank of Latvia conferred with representatives from Byelarus and the other CIS members, learning that they also did not find themselves in any better situation. A. Bergrs-Bergmanis informs us that in connection with the already mentioned shortage of loan resources, there "cannot even be any discussion" of long-term loans.

Liepaja Unemployment Situation Outlined

92UN1127B Riga NEATKARIGA CINA in Latvian
24 Jan 92 p 2

[Interview with L. Filatova, an official at the Liepaja unemployment office, by G. Blumberga: "Thank you, We Do Not Need Women!"]

[Text] With every day, there are more and more people in whose lives the risk of unemployment becomes quite tangible.

While the law on providing employment has been passed, all of the trials and tribulations related to finding a workplace remain. Lina Filatova, who has worked at the Liepaja unemployment office for many years, has a complete picture of the residents of Liepaja who cannot find appropriate work.

[Filatova] At the end of the year there were eight hundred of them. And in addition, about 60 graduates—from the university, institute, technical school—who don't have jobs in their specialty.

[Blumberga] What is the reason for a person remaining unemployed?

[Filatova] It varies. There are one hundred and fifty, women for the majority, who have lost their jobs as a result of state cutbacks. Many, men for the majority, are not satisfied with the salary. Men are more often fired because of disciplinary problems on the job.

[Blumberga] What can you offer those looking for work?

[Filatova] There are usually about forty positions open. But actually, various enterprises—the printing house, the linoleum factory—have warned us recently that workers are not needed because of the shortage of raw materials. For the most part, the city needs workers: freight handlers, locksmiths, welders, construction workers. Therefore men. Engineers and workers in technical engineering are practically unnecessary. Since, 1987, when the state started cutbacks, female office workers have become unemployed. It seems that we have had hundreds of surplus female workers. Generally speaking, we have nothing available for women, no matter what their specialty or educational training. Those days are over when immediately after high school, it was possible to work as a kindergarten teacher, home economist, technologist, or even designer. Even a simple female worker has nothing available, unless she wants a second or third shift job, which is heavy and dirty, in addition. What's left is the fish cannery, the bread works, the footwear factory, or the "Liepaja" plant, which manufactures baby carriages.

[Blumberga] Maybe people are overly particular?

[Filatova] Almost everyone wants three things: spare time, a lot of money, and slack disciplinary enforcement. Major specialists are needed—mechanics, power engineers, bookkeepers—but people prefer simpler jobs, where they only have to be responsible for themselves. Almost no retirees or women with small children are looking for work, so the increased pensions and support payments are enough to manage on.

[Blumberga] And what about jobs for those who don't speak Latvian?

[Filatova] That is especially hard, because all the enterprises ask for either knowledge of two languages or require the Latvian language. Liepaja, as you know, has a lot of military officers, and almost all of their wives have diplomas. If they all wanted to work, then, good grief, who knows—the city can't stretch like elastic.

[Blumberga] How do you see tomorrow?

[Filatova] I don't know. Nobody knows anything. I just called the linoleum factory. Anyone who knows someone over the border is going there to look for raw materials. Workers are getting unpaid leave. It's the same for the oil depot and the printing house. The dairy plant, too.

Swedes Offer Assistance To Modernize Liepaja

92UN1123C Riga DIENA in Latvian 6 Mar 92 p 5

[Article by Daiga Skukina: "Swedes Offer Assistance to Liepaja"]

[Text] **Liepaja, 5 Mar.** On the evening of 2 March, Lennart Karlson, the vice-president of the Swedish firm *Scandiaconsult*, arrived along with two employees for a three-day visit of Liepaja. The firm has lots of experience in drawing up plans for harbor modernization and

renovation. It has already provided assistance to such countries as Yemen, Tanzania, Kenya, Iran, Saudi Arabia, and others. Yesterday, on 3 March, the visitors met with the city leadership, and took part in a press conference organized by journalists. There they explained that they had come to Liepaja to help the people here draw up plans for the renovation of the harbor and *Liepajas Metalurgs* plant, using money allocated by the Swedish government to support the Baltic states. They will also visit sanitation installations.

Mr. Karlson told DIENA, "We have chosen three areas of cooperation, one of which is modernization of the harbor. We have lots of experience in the renovation of metallurgical enterprises and in protecting the environment. We are convinced that—assuming negotiations succeed—we will be able to finance these projects." Harbor specialist Sten Munthe noted that their responsibility is to determine the needs of Liepaja's harbor and to make them known to the Swedish government.

Said Munthe, "We have to examine the harbor, but in order to conduct this work, we will definitely have to come to terms with the army as well."

Trade Agreement With Sweden

92UN1123D Riga DIENA in Latvian 11 Mar p 1

[Article by Guntis Jansons: "Agreement With Sweden—Step Toward Europe"]

[Text] **Riga, 10 Mar.** In an interview with DIENA, Latvian Deputy Foreign Minister Maris Gailis characterized the Swedish-Latvian agreement on free trade as a step toward the processes of Europe. The agreement was signed today in Sweden by the head of the Latvian delegation, Premier Ivars Godmanis, and Sweden's Premier Karl Bildt.

Gailis explained that by signing the agreement, both nations pledge to reject various kinds of barriers in bilateral trade, including various quotas, licences, and export tariffs. In Gailis' opinion, this will allow output produced in Latvia to begin competing for sales in the West. Similar agreements are soon to be concluded with other European countries as well.

Supposedly, the agreement concluded today will actually allow Latvia to sell its goods in Sweden for less because duties that would certainly have resulted in higher prices, will not have to be paid. Gailis explained that this agreement only pertains to both countries' products and raw materials. The exceptions are agricultural output, foodstuffs, scrap metal, and Latvian raw hide, gypsum, and limestone as well; the aforementioned restrictions will continue to apply to these items. In part, this is due to the higher cost of agricultural production in Sweden. Gailis also stated that the agreement will forbid the resale of Latvian and Swedish products to other countries. In the event such sales do occur, appropriate export tariffs will have to be paid. Gailis emphasized that at

first, there will be no barriers to bilateral trade; nevertheless, both countries will see to it that local markets do not get flooded by cheaper output from the other country.

Also on today's agenda was an agreement on the protection of mutual investments. Such an agreement was recently signed by Latvia and Finland.

Godmanis was also received by the King of Sweden today. Tomorrow there is to be an unveiling ceremony for the Latvian embassy in Sweden.

Skrunda Radiation Effects Compared to AIDS

92UN1127A Riga DIENA in Latvian 12 Feb 92 p 1

[Article by I. Tomsone: "Latvia Not Only Has AIDS, But Also Radar in Skrunda"]

[Text] Riga, February 11. The region around the Skrunda radar station is one of the most dangerous to human health in Latvia. The electromagnetic radiation that is released there can produce vital changes in the human immune system and can increase the risk of developing cancer. The effects of the radiation can, in fact, be compared with the effects produced by the AIDS virus. Such a conclusion was drawn by World Bank experts from the USA, after working for one week on the evaluation of the environmental situation in Latvia, who revealed their observations today to the members of the Environmental Protection Committee of the Republic of Latvia. As previously reported by DIENA, during the meeting of the Latvian and Russian working groups in Moscow, both sides decided to form an expert group to evaluate the effects of radar. Of course, both sides commented that the Skrunda radar is a war installation with major strategic significance.

Data the experts have on hand demonstrate that Skrunda is only one of the many factors harmful to the environment and to human health in Latvia. Evaluating the water supply system, the experts concluded that it is operating against accepted practice in the developed world: moderately polluted aboveground water is being preponderantly used for drinking water, while pure underground water—for manufacturing. The experts felt that the idea of the Latvian specialists to create a hazardous waste dump in Olaine was absolutely incomprehensible. In this populated area, where the drinking water at present is taken from the chemically polluted Misa river, it would be important to switch to underground water utilization, but if the above-mentioned idea were to be realized, then this water would be polluted as well. Most of the water purification plants were recognized as being useless or in need of reconstruction (with the exception of the new Riga plant).

Parliament's Dilemma Over Former KGB Operatives Unresolved

92UN1257A Moscow NEZAVISIMAYA GAZETA in Russian 23 Apr 92 p 3

[Article by N. Kiryakov: "Do Former 'KGBiers' Pose a Threat to the Security of the Republic of Latvia? The Parliament Has Not Decided Yet"]

[Text] The Latvian Parliament never did manage to resolve the question last week whether former Cheka [KGB] employees are to be trusted or not. The draft legislation prohibiting them from serving in various structures of the ministry of internal affairs, the ministry of defense, justice, and also in the ministry of foreign affairs, militia, and the security service was prepared and submitted for discussion by the parliament by A. Krastins, the deputy chairman of the Supreme Council. Parliament did not adopt the draft legislation delaying its examination for three weeks. The Latvian People's Front faction did not support it as unfinished. Many deputies evaluated the initiative of the deputy chairman of the parliament as "harming the security interests of the republic." Deputy Bojars, a KGB lieutenant in the past, noted that if the decree is adopted at least seven points of the Declaration on Human Rights will be violated. In his opinion such limitations on professions should be adopted only as laws.

At present about 120 former Cheka employees are working in the structures mentioned above and they are considered to be the best specialists on questions of state security and it would seem there is no real basis to rebuke them for disloyalty to the Republic of Latvia. This fact is confirmed by Stars, the minister of internal affairs: "In that way we could lose much real experience and harm the security of the Republic of Latvia. There are no grounds to suspect current ministry of internal affairs personnel, former Cheka employees, of disloyalty. Available experience proves exactly the opposite."

Bruno Shteynbriks, chief of counterintelligence of the Baltic Border Region, in evaluating attempts by parliament to adopt a law concerning Cheka employees, categorically stated that the parliament, in its present composition, does not have a moral right to adopt decisions limiting the rights of former KGB agents. "In the final analysis the KGB implemented into life decisions of the CPSU and operated under its direct management, while at least two-thirds of the deputies in parliament were members of that party."

Abinis, a member of the Supreme Council of Latvia, believes that in the interests of security "every Lat must become a militiaman." At present there are around 10,000 persons in the militia. A parliamentary company is now being organized and it is commanded by Deputy Chernays. The company already includes 17 deputies, and the commander is certain that there will be many volunteers from the Supreme Council. After completion

of appropriate checks and preparatory courses the parliamentary company will take the oath and begin serving in the interests of Latvian security.

The initiators of the Russian People's "New Republic" Party believe that—"Each person is equal before God and is known to him." "We are prepared to defend the rights of man without distinction according to national, political, religious, or any other principle"—it states in the party's address to fellow citizens. "It is specifically this principle that lies at the basis of the concept of human rights, which, naturally, applies to national minorities as well. We declare the following: citizenship of the Latvian Republic is granted to all those residing permanently in Latvia on 4 May 1990 (zero variant) prior to sejm elections; the Russian language is granted the status of the official language; right of ownership of real estate, dwellings, and enterprises is guaranteed—in accordance with economic feasibility and social justice, and not mechanical restoration of the rights of former owners; dismissals for political and national reasons are not allowed; educational establishments at all levels are to be preserved and developed with Russian as the teaching language." And so on.

LITHUANIA

Republic's Unemployed Reluctant To Retrain, Change Jobs

92UN1229A Riga NEZAVISIMAYA BALTIYSKAYA
GAZETA in Russian No 8, Mar 92 p 3

[Article by Vladimir Skripov under the "Economics" rubric: "Lithuanian Unemployed Are Not Grasping at a Straw, Unfortunately"]

[Text] Women from Elektrenai, the city of Lithuanian power workers, have always had problems with job placement. Until a certain time they managed to get along somehow with the help of their highly paid husbands. But today, when it is not simple to survive on one salary, the fair half of the city has rebelled and sent a determined petition to the local authorities: "Provide us with work, or else..."

The deputies reviewed the ultimatum promptly and set up a hearing for the ladies. At the meeting they gave the women questionnaires to fill out indicating the proposed type of work, work skills, and so on. The rayon leadership advised forming special occupational groups on the basis of this survey. The authorities promised material assistance in providing quarters, setting up shops, bakeries, studios, and other such small enterprises.

Unfortunately, when representatives of the rayon labor exchange arrived a few days later for an answer they could find just two women at the appointed place. And one of them came purely from curiosity; the second woman did need work, but the kind where "she had a superior over her."

This story, which was told to me by a woman who works at the Trakai territorial labor exchange, is very typical of the current situation in unemployment in Lithuania. On the one hand, the number of people who do not have permanent jobs is growing from month to month. According to the Lithuanian Labor Exchange's predictions for 1992, 84,000-105,000 people will fall into this category.

On the other hand, the behavior of a majority of the unemployed is strikingly frivolous and affected. To a degree this is linked to the comparatively lenient republic law on employment. Each person discharged from an enterprise or institution has the right, after receiving the appropriate warning, to "drag out" the job for another two to four months. Then he receives a termination grant of four months' average wages, then later can claim a six-month unemployment grant which declines steadily from 70 to 50 percent of the average wage. In principle it is possible to go at least a year under such a system without working and to live without particular material problems. There are plenty who want to take advantage of this opportunity.

But there is another reason for people's casual attitude too—their psychological makeup and attitude toward job placement. Many cling desperately to their jobs in state structures and institutions with a reliable financial "cover," not wanting to change occupation at all or even hear about retraining. They view a change in the type of labor as devastating, a dead end, a disaster. In other words, some victims have taken discharge from an enterprise or institution in the same way that ancient savages took expulsion from their native tribe.

Should we be surprised at this psychology? It is the result of many years of ideological indoctrination which defined "production deserters" as the enemies of society and "personnel mobility" as the principal misfortune for a plant. And when people today are offered the opportunity (perhaps even forced) to assess their occupational capabilities, measure them against the demands of the market, and make a choice—they scramble backwards like crabs, looking for their former peaceful and convenient cover.

Judge for yourself: Despite the substantial benefits (an outright, interest-free loan of 8,000-10,000 rubles, free consultation with the labor exchange on preparation of the essential documents, a short course in entrepreneurship), only isolated individuals express a desire to organize their own production facilities.

I recalled a phrase spoken on television by one of the prominent Lithuanian economists: We are not rich enough to permit ourselves high unemployment. We cannot blindly copy Western labor law practices. In essence the republic employment law makes employees of the labor exchange into nannies for the unemployed. All the latter have to do is register and they do not even have to appear at the exchange again until they are

offered work in their specialization. And a "freely self-defined" person has the right to refuse any work except his "specialty."

In the opinion of Maryte Rastenyte, general director of the Lithuanian Labor Exchange, the only way to solve the problem of mass unemployment is collective labor contracts with enterprises. Suppose a certain plant cuts back production or becomes bankrupt. According to the contract the workers acquire waste raw materials, written-off equipment, tools, and premises on privileged

conditions. This is mutually useful: If the enterprise falls apart the people will engage in private trades, and if it "comes back quickly" the workers will return to work under the familiar wing.

Maryte Rastenyte formulated her proposals in a note to the government. When they will be examined is not known. In the meantime employees of the labor exchanges are trying to persuade Lithuanian unemployed people to get to work.

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13 May 1992